

Management RECORD

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- Fringe Benefits During a Strike
- Supervisors' Pay Differentials
- New Plan for Executive Selection
- Railroad Stock Option Prices



NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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• In the Record •

Employee Benefits During a Strike

Before World War II, some strikes were so violent and bloody they could have been written up as battle reports. Today, however, strikes which become violent are increasingly rare. The recent steel strike may not be typical, but its placidity is certainly more in keeping with present labor-management relations than the sit-down strikes of the 1930's. And with this new civility on the labor front, many employers are able to look at their workers as individuals as well as union members. Some of them, therefore, believe that employee benefits—such as group insurance, pensions, holidays and vacations—should not be forfeited or discontinued during a work stoppage. Accordingly, these companies make arrangements, either through the union or directly with the employees, to keep some or all benefits in effect.

But as the article starting on the next page points out, not all companies view strikes this way. Some employers believe that a strike is a "test of economic endurance," and therefore to continue any employee benefits would only be giving aid to the "enemy." "Employee Benefits During a Strike" analyzes the arguments of both sides and discusses company practices.

Pay Differentials for Exempt Supervisors

The need to maintain the exempt supervisor's pay differential in the face of overtime or incentive earnings paid to the men under him is a well-established principle. Now, questions revolve mainly around the best method to achieve this goal. According to a recent survey of 363 companies made by the Board, company practices vary widely. The article starting on page 350 points out that salary surveys are the basic tool used by over half of these companies to maintain differentials. However, a sizable group prefers differential guarantees—either stated as a percentage above the rank-and-filers' pay or in actual dollar amounts.

Of particular interest to any company using a percentage guarantee is the information given in the box on the second page of the article. Here, with the help of a little arithmetic, one may quickly calculate the amount a supervisor should get in order to maintain any specified percentage differential up to 50%. Other uses for this valuable tabulation are also pointed out.

Railroad Stock Option Prices

Railroads, in seeking approval for any restricted stock option plan, not only have to meet SEC and IRC regulations—as other companies do—but they must also get the approval

of the Interstate Commerce Commission. Until recently, no approval was forthcoming from ICC for plans that sought to issue stock at less than the fair market value on the date of the option grants. This is no longer the case. Railroads now receive substantially the same consideration in pricing stock as other companies.

The story of how the Santa Fe Railway System was granted ICC authorization for stock priced at *less than the fair market value* is carefully chronicled in the article on page 363.

Executive Selection through Group Appraisal

Horatio Alger stories have long been a part of the American dream. And even in this scientific age, most companies continue to believe that the right young men will naturally rise to top management ranks.

However, a number of companies are no longer willing to rely solely on the cream-in-the-milk-bottle theory. They believe that while the Alger hero still exists, the company may have to seek him out if he's not to get lost in the shuffle of today's complex industrial setup. Therefore, these companies have developed various executive selection programs to find buried talent.

One company that is approaching executive selection in a systematic manner is Atlantic Refining. It has set up a Management Personnel and Development Plan whose basic element is group appraisal of the performance and potentiality of the individual. The article starting on page 356 discusses this plan and gives highlights from the company's executive appraisal manual.

Consumer Prices Continue To Rise

The general upward thrust of consumer prices continued through mid-August. The Board's index contained another new high although the total rise since April has been only about 1%. And the over-all index currently stands 2.3% above the 1953 base. In contrast to this, the more volatile wholesale price index, prepared by the government, has risen some 4.1% since 1953. As brought out in the article, "Consumer Prices Continue To Rise," the recovery in food prices has been the moving force in the upward adjustment of the index, even though housing, apparel, transportation and sundries are also currently above the 1953 base. In addition to following the course of the price index, the article records, by charts and text, recent movements of the fruits and vegetables component. The story starts on page 367.

Employee Benefits During a Strike

IF IT IS TRUE that a strike is a "test of economic endurance . . . in which the outcome is determined by the relative resources of the contestants,"¹ is it then proper tactics for a company to cut off as completely as possible the income of the striker?

When the production worker's pay consisted only of wages, a strike actually meant that the employer ceased giving the striker any financial assistance. But since World War II, an increasing proportion of the production worker's pay has been in the form of group insurance, pensions, vacations, holidays and other benefits. Between 1945 and 1954, for example, there has been a twentyfold increase in the number of workers covered by some type of health insurance or pension plan under collective bargaining agreements.² And both vacations and holidays have enjoyed a similar trend—as time off with pay has constantly been on the increase.³

Under these circumstances, a complete economic strike would mean cutting off benefits as well as pay. But judging from the experience of ninety-three companies that have had strikes within the last five years, this is not the case. Many of the executives of these companies feel that fringes are different from wages. And faced with the decision of whether to cut off benefits during a strike, many companies refuse. They argue that their aim is "to win the strike, not beat the strikers." This is most evident in the case of welfare benefits and insurance plans, less evident in the case of vacations and holidays.

Ninety-three companies that had strikes during the last five years were asked by THE CONFERENCE BOARD whether they continued to make the contributions necessary to maintain strikers' pensions, life insurance, accident and sickness insurance, hospitalization, medical and surgical insurance. As is shown in Table 1, far more companies continue paying for these employee benefits during strikes than refuse. And this pattern is

basically the same whether the company is small or large, as can be seen in Table 2.

In another survey, THE CONFERENCE BOARD asked 900 companies what their practice is concerning group insurance during a strike. (See the chart.) Many of these companies never have had a strike and were able to state only what they believed they would do if such a contingency should arise. Of the 900, 55% say that they have no definite policy; 16% say they would discontinue group insurance in case of a strike; and 29% state that they would continue payments for varying periods of time.⁴

These are the statistics. But what impels a company to take the stand that it does? Those who refuse to continue payments argue that one should not help the "enemy"; those who favor continuing payments talk in terms of "keeping up good relations with the workers," public good will, and the legal aspects of continuing or discontinuing the benefit plans.

WHY FIRMS DISCONTINUE PAYMENTS

The attitude of the group opposed to continued payment of group benefits is exemplified by one industrial relations executive's statement that "payments of such benefits to employees on strike would be supplying the enemy with ammunition while placing a serious financial drain on the company." This argument is allied to the view that a strike is economic war, and there is no justification for "only half going to war." As a Pennsylvania firm's executive commented, "employees who are on strike should not continue to receive benefits that will increase the losses suffered by the company and decrease the losses suffered by the employee."

Discontinuing the striking workers' benefit payments, it is further argued, helps to end a strike. A Chicago company says that its refusal to pay brought "more pressure upon the union to settle the strike," while a New York firm feels that the discontinuance carried "an important psychological inducement to employees to terminate the strike."

Other companies point out that, in their cases, payments to these employee benefit funds are based upon the number of hours worked. And since strikers are not working, companies no longer have an obligation to make payments. A West Coast concern refuses to con-

⁴ "Group Insurance During Strikes," *Management Record*, May, 1955, p. 187.

¹ E. T. Hiller, "The Strike" in E. Wight Bakke and Clark Kerr, "Unions, Management and the Public," 1948, p. 440.

² Evan Keith Rowe, "Health, Insurance and Pension Plans in Union Contracts," *Monthly Labor Review*, September, 1955, p. 993.

³ "Time Off with Pay," *Studies in Personnel Policy*, No. 130; "Vacations and Holidays, 1956" *Management Record*, August, 1956, p. 276; "Vacation and Holiday Provisions in Union Agreements, January, 1943," Bureau of Labor Statistics Bulletin No. 743, 1943, p. 6; "Labor Management Contract Provisions, 1953," Bureau of Labor Statistics Bulletin No. 1166, p. 9.

tinue financial support during a strike because strikers are "nonworking employees." An Illinois company places direct blame on the workers: "Company insurance and pensions cover only employees actively engaged in work." This Chicago executive states, "If an employee wishes to strike, he thus determines that he will not only cut his pay but all other benefits that flow from the work situation."

One Florida concern uses the following method of discontinuing benefits. "Upon a called strike, all employees who walk out on strike are terminated—on the basis of 'Failure to Report for Work.' All employees on layoff are called back and if they do not report, are likewise terminated. Such termination has the force of a 'quit' and cancels out all insurance benefits. When the strikers return to work, their insurance policies are automatically reinstated."

Several companies fear that if they continue paying these benefits, strikers could easily use them to carry them through the strike. A company that has a contract with the Steelworkers' union discontinues only one benefit during a strike: its accident and sickness insurance. Its reason is that the very high sickness and accident benefit payment "would provide too great a temptation to get 'sick' or have an 'accident' during the strike." A New Jersey company cancels similar policies for a similar reason. "Any other method," this company declares, "would be very difficult to police."

WHY FIRMS CONTINUE PAYMENTS

While those who favor discontinuance of benefit payments believe that this might help end a strike, other companies think that continued payment would more quickly end the strike as well as cause less ill will.

Table 1: What Ninety-three Companies Did in Paying for Striking Workers' Benefits

Employee Benefits	Number of Companies				
	Continued Payment During Strike	Discontinued Payment During Strike	No Set Practice on Payment	Did Not Have Specified Benefits	No Answer
Pensions	47	8	8	12	18
Life insurance	53	14	10	3	13
Accident and sickness insurance	41	22	8	5	17
Hospitalization ¹	46	12	6	8	21
Surgical insurance	44	12	7	10	20
Medical insurance	30	11	4	18	30
Blue Cross ²	20	3	2	17	51
Blue Shield ²	15	2	4	16	56
Other	2 ^a	5 ^b	0	0	86

¹ One company operates its own hospital and dispensary and allows striking employees store credit.

² One company advances premiums on Blue Cross and Blue Shield and deducts premiums from salaries after strike.

^a This figure includes payment on one prepaid medical plan and payment on one thrift plan.

^b Figure includes payment on each of the following: sickness and accident disability, dependent hospital and surgical, investment plan, polio, and ambulance.

One chemical company, for example, renounced the stopping of benefit payments as a "strike weapon" and continued making them.

Frequently, continuance of employee benefits by the struck employer is predicated upon a belief that the strike is between the company and the union, not between the company and the workers. Therefore, to stop benefit payments would penalize the workers rather than the union. One manufacturer of electrical equipment says that "strikes very often are not based on the wishes of the employees. And, therefore, I was reluctant to penalize my employees by discontinuing these benefits." An oil company continued payments because the "men were really not in sympathy with the strike." By paying the benefits, a New England manufacturing company declares "we go a long way toward counteracting the union's efforts to completely discredit the company."

Several companies that continue benefit payments during strikes make the point that ending certain em-

Table 2: What Ninety-three Companies Did in Paying for Striking Employees' Benefits—by Size of Company

Benefit and Practice	No. of Companies	Number of Employees			
		1-249	250-999	1,000-4,999	Over 5,000
Total companies	93	5	13	29	46
<i>Pensions</i>					
Continued payment ..	47	2	5	15	25
Discontinued payment	8	0	1	1	6
No set practice	8	2	1	3	2
Did not have benefit ..	12	1	3	5	3
No answer	18	0	3	5	10
<i>Life Insurance</i>					
Continued payment ..	53	3	7	19	24
Discontinued payment	14	0	3	3	8
No set practice	10	2	1	3	4
Did not have benefit ..	3	0	0	0	3
No answer	13	0	2	4	7
<i>Accident and Sickness Insurance</i>					
Continued payment ..	41	3	6	14	18
Discontinued payment	22	0	4	5	13
No set practice	8	1	1	2	4
Did not have benefit ..	5	1	0	1	3
No answer	17	0	2	7	8
<i>Hospitalization</i>					
Continued payment ..	46	3	5	16	22
Discontinued payment	12	0	3	3	6
No set practice	6	1	0	2	3
Did not have benefit ..	8	1	1	1	5
No answer	21	0	4	7	10
<i>Surgical Insurance</i>					
Continued payment ..	44	3	6	16	19
Discontinued payment	12	0	3	3	6
No set practice	7	1	1	2	3
Did not have benefit ..	10	1	1	1	7
No answer	20	0	2	7	11
<i>Medical Insurance</i>					
Continued payment ..	30	2	3	11	14
Discontinued payment	11	0	3	3	5
No set practice	4	1	0	2	1
Did not have benefit ..	18	1	4	3	10
No answer	30	1	3	10	16

ployee benefits, such as hospitalization, might cause hardship for their community. One midwestern firm says: "If we discontinued hospitalization and a member of the striking employee's family went to the hospital, then he might have to go as a charity patient." An eastern company says that "since we are the community's largest employer and since we help make up hospital deficits we would in a sense be picking up the tab if a member of a striker's family became a charity case." A western firm says that "when sickness and accident cause a striking employee's family to become public charges, it results in bad community relations for the company."

Good Human Relations

"Human relations" is the terse explanation of a rubber company as to why it continues benefit payments. And a similar view is held by many others. One company, in existence since the 1880's, declares that it could not "desert" its older workers. A paper company writes that it would be a "drastic, inhuman measure" to stop the benefits. An aviation company states that the goal of its action is "to minimize suffering of the striking employee's family."

But whatever the phraseology, the main objective of these companies is good employee relations. After all, their argument goes, a strike is only a temporary dispute, and it is important that management keep the good will of its workers, particularly since they figure the financial cost to the company is small.

PRACTICES WHEN THE STRIKE IS LONG

Many companies pause at this point, however, and add that if a strike lasts a long time, they would then review their position. In fact, several companies claim that the whole issue is "meaningless" in a short strike since most insurance policies do not lapse until after a thirty-day grace period. And, they further add, most strikes do not last beyond the expiration of this thirty-day grace period. (The per cent of strikes in the United States that lasted less than thirty days is shown in Table 3.)

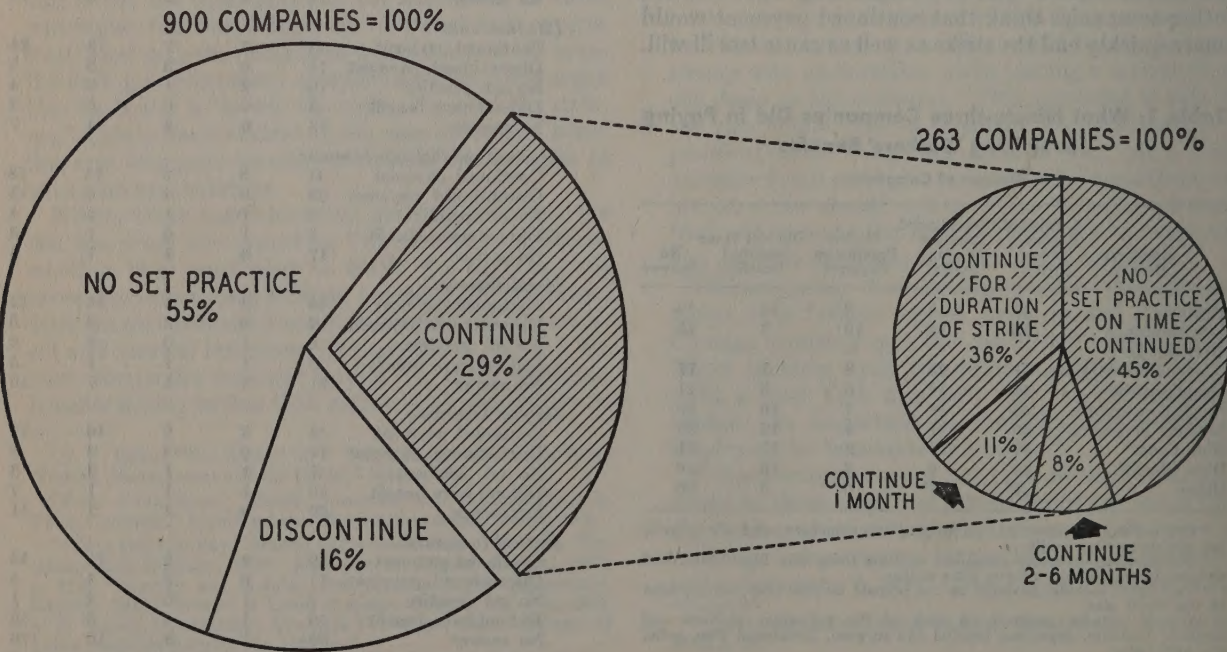
However, a big problem arises when there is a long strike. One northeastern employer describes such a strike during which he continued paying for employee benefits for eight months. When the strike entered its

Table 3: Duration of Strikes, 1947 to 1954

Year	% of Total No. of Strikes Lasting Less than 30 Days	% of Total Workers Involved in Strikes Lasting Less than 30 Days	Average Duration of Strikes—in Calendar Days Idle
1947	74.4	64.4	25.6
1948	77.1	62.9	21.8
1949	78.5	69.3	22.5
1950	81.8	69.5	19.2
1951	84.5	85.3	17.4
1952	80.9	65.6	19.6
1953	79.5	77.8	20.3
1954	78.5	76.8	22.5

Sources: Bureau of Labor Statistics; The Conference Board

Continuation of Group Insurance During Strikes



ninth month, he began checking with all of his employees and discovered that 575, or 10%, of his employees were then working with other companies and that they would not return. He thereupon cancelled their policies after having lost several thousand dollars. He asked the remainder whether they wanted the company to pay the premiums as a loan. A number asked the company to do so, which it did. The loans were repaid when the strike finally ended.

However, another industrial relations executive says his company would continue benefit payments whatever the length of the strike, because it wants to protect its tremendous investment in each worker. The company has trained the worker to its method of operation so he has the know-how to do work assignments readily. To train new workers, this executive says, would cost his company a fortune. He points out that one of the grave dangers of a strike, especially one that runs more than a few weeks, is that the company may lose a number of these employees to other firms. His firm's policy, therefore, is to continue to pay employee benefits to all strikers, provided they have not accepted employment with another firm. And to make sure of this, the company keeps in touch with each striking employee. The loss of ten employees, this industrial relations executive concludes, would cost the company more than paying all the benefit premiums.

Joint Contributions Maintain Contact

In the case of benefit plans financed on a contributory basis, many firms announce to their striking employees that they will contribute the firm's share if the employee will contribute his. A few set up special booths to collect the money from the strikers. In fact, some turn the collections into a big public relations affair, with newspaper advertisements and the like, in order to build up good will. Others call upon each employee, either in person or by mail, to pay his share of the employee benefit at periodic intervals.

Practically all companies that have such a practice indicate that their employees make every effort to continue the benefits because they feel that their needs for these benefits are especially great during the strike. The company also finds it a ready vehicle to continue communication with the individual employee, thus tending to tie him more closely to the firm.

Unions Favorably Disposed

In many cases, the union would also like to have the employee return to work with the same company when the strike is over. Otherwise the employee might go to a firm not organized by the same union, and thus the union would lose a good dues payer. Consequently, some unions are not opposed to company attempts to maintain a good relationship with the strikers.

A number of firms indicate that they work out specific arrangements with the union before the strike

starts. In this way, there is assurance that employee contributions to such benefits as life insurance, accident and sickness insurance, medical insurance and hospitalization will continue during the strike. These are part of the prestrike arrangements that are often made if it is felt that a strike may be inevitable.

Some companies and unions wait until the strike has dragged on for several weeks before they map out a plan to collect payments. For example, a New York manufacturing company stopped payments after the strike had lasted several weeks. The union thereupon stepped in and agreed to reimburse the company for its subsequent expenditures. After the strikers returned to work, the union arranged with the employees to reimburse the company. The union made up losses for workers who did not return.

Most companies, however, do not make agreements for reimbursement with the unions. Rather, they wait until the strike is over and then collect the necessary amounts from the workers. Some of these companies, at the beginning of a strike, write explanatory letters to all their workers, indicating that collections will be made after they return to work. Others write their workers that they should make their weekly payments to the paymaster. If an employee falls behind in his weekly payments, or if no arrangement is made for these payments during the strike, the company may, as part of the strike settlement, make double deductions from the pay of the returned strikers to take care of the deficit. Of course, if the company continues payments for all of its workers, it loses the money advanced for strikers who fail to return.

But despite the risk of losing this money, many companies continue payments for certain benefits, such as life insurance, to avoid the trouble of taking out the policies all over again once the strike is settled. Moreover, the administration of pensions and group insurance would be greatly disrupted by cancellations and later reinstatements.

Whether the company's decision is to continue or discontinue benefit payments, insurance company practices and state and federal laws may conflict with and overrule its decision. For example, despite an employer's termination of insured disability benefits during a strike, the courts have ruled that the company has to pay a weekly benefit to an employee injured while on that strike. In fact, one insurance company advised its group insurance administrators that "if an employer should indicate a desire to terminate coverage on striking employees, he should be advised to consult his legal and industrial relations advisors with regard to the situation, since there may well be a question as to whether the employees on strike can be considered no longer in his employ."¹

(Continued on page 372)

¹ For details, see "Group Insurance During Strikes," *Management Record*, May, 1955, p. 186.

Pay Differentials for Exempt Supervisors

This survey of 363 companies shows a variety of methods are used to maintain the necessary margin between the supervisor's pay and those he supervises

ALTHOUGH exempt first-line supervisors in factory and office are at the lowest level in the managerial hierarchy, to the large segment of employees occupying production and clerical jobs, they are management. And because of the close working relationship between supervisors and the employees they supervise, these first-line managers are often called the "key men" in the company organization.

Little doubt remains today as to whether these exempt supervisors are in fact, as well as in name, a part of management. This is particularly true with respect to company policies and practices affecting their compensation. Companies concur that one of the more important ways to improve the supervisor's status as a member of the management team is through better understanding and handling of his compensation problems. Because of his strategic location between rank-and-file employees and executives, he is subjected to pressures from both directions; and supervisory pay practices are, to some extent, a product of these combined pressures. For instance, if a general increase is given to the rank-and-file employees, or their overtime pay is liberalized, there is always the question about the effect on supervisors and whether something should also be done for them. Many companies follow the practice of giving extra pay in one form or another to supervisors for overtime.¹ And some companies make them eligible to participate in executive incentive bonuses² and deferred profit-sharing plans.³

Fundamentally, supervisory compensation problems do not differ from those connected with wage and salary administration at other levels in the organization. Gearing rate structures to area and industry levels, aligning rates internally and making individual adjustments are accomplished in the same manner whether job classifications cover first-line supervisors, clerks, assemblers, department managers or executives. The differences lie in the solution to problems peculiar to specific departments or job classifications.

However, a perennial problem in supervisory salary administration is the determination and maintenance

of adequate differentials in *gross earnings* between first-line supervisors and employees working under them.

THE NEED FOR DIFFERENTIALS

The primary objective of pay differentials is to insure that supervisors receive a consistently higher income than the pay earned by subordinates. A company usually wants its supervisors to know they are getting more money. And it is also important that rank-and-file employees know and understand why their bosses are receiving higher pay. Knowledge of the existence of adequate pay differentials makes the first-line supervisor's job desirable and a worthwhile goal to seek.

However, in the absence of well-conceived differentials, supervisors may at times receive less than the gross earnings of the employees supervised. For example, production employees covered by a wage incentive pay plan may be scheduled for an extended workweek of forty-five hours in order to get out extra production to meet seasonal demands. If the supervisors receive no overtime pay, the total weekly earnings of individual employees often exceed the total income received by their bosses.

To a lesser degree, this same condition prevails in both factory and office operations where hourly rates or weekly rates might be used for nonexempt employees. The accounting department working a thirty-seven and one-half hour week illustrates the point well. On occasion, accounting personnel are asked to work as many as forty-five hours a week to close out company books or assemble data for special reports. Under these circumstances, let us assume it is company practice to pay overtime at straight time for the first two and one-half hours, while time and one-half is required for hours in excess of forty to nonexempt employees. Exempt employees are not paid for overtime hours. Therefore, in this case, the \$25 weekly differential of the exempt section supervisor earning \$115 per week over the \$90 a week nonexempt accounting clerk is narrowed to \$1. Because of the overtime, the accounting clerk receives \$114 gross pay—\$90 base pay for thirty-seven and one-half hours which is equal to \$2.40 per hour, \$6 for the first two and one-half hours overtime, and \$18 for the next five hours overtime at \$3.60 per hour.

The need for pay differentials has long been recog-

¹ "Premium Pay for Exempt Supervisors," *Management Record*, December, 1955, p. 470.

² "Incentive Bonuses for Executives," *Management Record*, March, 1956, p. 82.

³ "Profit Sharing for Executives," *Studies in Personnel Policy*, No. 90, 1948.

nized by companies that determine supervisory salary rates according to job evaluation. Many companies make it a practice of adopting a single job evaluation plan for rank-and-file and first-line supervisory job classifications connected with office operations. Pay differentials are achieved by using job-pricing techniques that compensate for differences based on job evaluation principles. But this same practice is not usually followed in the case of factory operations. Over the years, companies have tended either to limit job evaluation to nonsupervisory factory jobs or to adopt a second plan for supervisory classifications. However, in these situations every attempt is made to integrate

the pricing of supervisory and nonsupervisory jobs in order to bring about the pay differentials that are desired.

Claims and counterclaims are made for and against the principles of job evaluation in solving this problem. But other methods are being used by an increasing number of companies to assure adequate pay differentials when overtime or incentive earnings boost the production worker's pay check. For instance, according to surveys of foremen's salary practices conducted by local trade associations in Cleveland and Chicago, there appears an upward trend in setting differentials as a percentage above subordinates' earnings. In 1953 and

Computing Pay Differentials

An easy-to-use chart for computing and checking pay differentials based on percentage patterns appears below. It is designed for differentials of 1% to 50%. It facilitates comparison of hourly rates, gross earnings, average earnings, etc. of employees supervised and supervisors' monthly rates. The weekly pay of any one or group of employees, multiplied by the factors in the table, result in a monthly rate for supervisors at any desired differential up to the 50% maximum.

% Differ- ential	Factor	% Differ- ential	Factor
1.....	4.3763	26.....	5.4596
2.....	4.4197	27.....	5.5029
3.....	4.4630	28.....	5.5462
4.....	4.5063	29.....	5.5896
5.....	4.5500	30.....	5.6329
6.....	4.5930	31.....	5.6762
7.....	4.6363	32.....	5.7196
8.....	4.6796	33.....	5.7629
9.....	4.7232	34.....	5.8062
10.....	4.7663	35.....	5.8496
11.....	4.8096	36.....	5.8929
12.....	4.8530	37.....	5.9362
13.....	4.8962	38.....	5.9795
14.....	4.9396	39.....	6.0229
15.....	4.9829	40.....	6.0662
16.....	5.0263	41.....	6.1095
17.....	5.0696	42.....	6.1529
18.....	5.1129	43.....	6.1962
19.....	5.1563	44.....	6.2395
20.....	5.1996	45.....	6.2829
21.....	5.2429	46.....	6.3262
22.....	5.2863	47.....	6.3695
23.....	5.3296	48.....	6.4128
24.....	5.3729	49.....	6.4562
25.....	5.4162	50.....	6.4995

Examples of the use of the table are:

1. The differential is fixed at 20% over the gross earnings of the highest-paid employee supervised. The scheduled workweek is forty-two hours. The highest employee rate is \$2.50 per hour, making gross earnings of \$107.50—\$100 for forty hours at \$2.50, and \$7.50 for two hours overtime at \$3.75. The factor for a 20% differential is 5.1996. Multiplying \$107.50 by 5.1996 equals a monthly salary rate of about \$559 for the supervisor.

2. The differential is 15% over the maximum of the rate range of the highest-rated job classification, which is \$3 per hour. The department consists of a dozen employees in four job classifications with the highest rate of \$2.80 per hour currently paid to one employee in the highest-rated classification. The department works five nine-hour days per week. Under these circumstances, the differential is based on \$142.50 per week—\$120 for forty hours at \$3, and \$22.50 for five hours at \$4.50. Multiplying \$142.50 by 4.9829, the factor for the 15% differential, results in a monthly salary of about \$710 for the supervisor.

3. The table can also be used to determine if supervisors' salaries are consistent with company practice. Assume differentials are set at not less than 25% nor more than 35% for office supervisors over average weekly earnings of all employees supervised. Average weekly earnings equal \$77 and the supervisor's monthly salary is \$410. To determine if the salary is consistent with company practice, divide the monthly rate of \$410 by the average earnings of \$77, which in this case equals 5.3247. Read down the factor column and find the closest factor to 5.3247, which is 5.3296. The differential is 23% or two percentage points less than the established minimum of company practice.

again in 1956, the Cleveland survey requested participants to answer the following question:

"Does the company maintain a differential between the foremen's wages and the highest hourly rate or incentive earnings of those they supervise?"

In the 1953 survey, seventy-nine (61%) of 129 companies reported they maintained percentage differentials. And in 1956, fifty-nine (70%) of eighty-five companies did the same thing.¹ The Chicago survey covers

¹"Foremen's Wage and Personnel Practices Survey—October, 1953" and "Foremen's Survey (Salaries and Personnel Practices)—February, 1956" by Associated Industries of Cleveland.

Table 1: Geographic Distribution of the 363 Companies Surveyed

Region and State	No. of Manufacturing Companies	No. of Nonmanufacturing Companies	Total Companies
<i>New England</i>	15	6	21
Maine	—	1	1
Vermont	1	—	1
Massachusetts	8	2	10
Rhode Island	1	—	1
Connecticut	5	3	8
<i>Middle Atlantic</i>	89	29	118
New York	44	21	65
New Jersey	14	3	17
Pennsylvania	31	5	36
<i>East North Central</i>	87	16	103
Ohio	26	3	29
Indiana	4	2	6
Illinois	27	7	34
Michigan	15	1	16
Wisconsin	15	3	18
<i>West North Central</i>	19	10	29
Minnesota	8	4	12
Iowa	2	2	4
Missouri	7	2	9
Nebraska	—	2	2
Kansas	2	—	2
<i>South Atlantic</i>	26	16	42
Delaware	4	—	4
Maryland	5	5	10
District of Columbia	—	2	2
Virginia	4	4	8
West Virginia	3	—	3
North Carolina	5	1	6
South Carolina	1	—	1
Georgia	2	1	3
Florida	2	3	5
<i>East South Central</i>	5	3	8
Kentucky	2	1	3
Tennessee	2	1	3
Alabama	1	1	2
<i>West South Central</i>	4	9	13
Arkansas	—	1	1
Louisiana	2	3	5
Texas	2	5	7
<i>Mountain</i>	1	1	2
Colorado	1	—	1
Arizona	—	1	1
<i>Pacific</i>	16	11	27
Washington	3	1	4
Oregon	3	1	4
California	10	9	19
Total	262	101	363

practices for 1954 and 1956. Like the Cleveland survey, 1956 showed an increase of nine percentage points over the earlier survey results. The figures for 1954 are seventy-two (57%) out of 126; and for 1956, seventy-seven (66%) out of 116 companies.¹

In order to get a picture of nationwide practices, including any geographical differences, THE CONFERENCE BOARD recently completed a survey of pay differentials as well as a host of other compensation practices for exempt first-line supervisors. Companies were selected on the basis of industrial classification, number of employees and geographical location. Responding companies included 262 manufacturing establishments with more than 4 million employees, and 101 nonmanufacturing firms with total employment nearing 800,000. Home offices or major installations of these companies are located in thirty-seven states, as can be seen in Table 1. And if the locations of multiplant installations are included, all the forty-eight states are represented in the sample.

Two hundred and thirty-four (89%) of the 262 manufacturing companies reported on both factory and office supervisors, twenty-four reported on factory only and four on office only. The ratio is not as great for the nonmanufacturing firms because of the number of banking and insurance companies in the sample, which obviously have no factory operations. Fifty-nine (58%) of the 101 nonmanufacturing companies reported on office supervisors only, three on factory only, and thirty-nine on both office and factory.

All 363 companies reported that they try to maintain pay differentials for factory and office first-line supervisors in one form or another. Slightly more than half use salary surveys as guides in determining the amount of the differentials. Others guarantee supervisors a fixed percentage or specific dollar amounts more than the employees under their supervision. (See Table 2.) Results of the Board's nationwide survey are further evidence that more and more companies see the importance of paying a larger amount of money to supervisors than to their subordinates under any and all circumstances.

SALARY SURVEYS

The 206 companies—131 manufacturing and seventy-five nonmanufacturing—reporting the use of salary surveys are influenced by current salaries paid in the area and industry as well as the relationship these salaries bear to rank-and-file earnings. A few companies also lean on historical practices as well as surveys. For example, a beverage manufacturer using external rate data and following historical practices reports as follows:

"Differentials for supervisors are determined by a com-

¹"Foremen's Salary Survey—Chicago Area—March, 1954," and "Foremen's Salary Survey—Chicago Area—January, 1956," by the Employers' Association of Chicago.

Table 2: Pay Differential Practices in the 363 Companies

Industrial Classification	No. of Companies	Salary Surveys	Guaranteed Differentials		
			Total	% Patterns	\$ Patterns
Manufacturing industries					
Aircraft and parts	8	3	5	5	—
Automobiles, trucks and parts	10	3	7	6	1
Electrical machinery and equipment	30	18	12	12	—
Fabricated metal products	15	9	6	5	1
Food and kindred products	22	8	14	12	2
Furniture and fixtures	5	3	2	2	—
Industrial chemicals, fertilizers, paints, etc.	23	10	13	12	1
Instruments and related products	5	5	—	—	—
Leather and leather products	8	1	7	7	—
Nonelectrical machinery and equipment	41	24	17	15	2
Paper and allied products	12	8	4	4	—
Petroleum products	10	4	6	6	—
Pharmaceuticals and soaps	13	6	7	7	—
Primary metals—ferrous and nonferrous	15	8	7	7	—
Printing and publishing	2	1	1	1	—
Railroad equipment	5	1	4	4	—
Rubber products	7	4	3	3	—
Stone, clay and glass products	15	5	10	9	1
Textile mill products	9	8	1	—	1
Tobacco products	3	1	2	2	—
Miscellaneous	4	1	3	3	—
Total manufacturing	262	131	131	122	9
	100%	50%	50%	93%	7%
	—	—	100%	93%	7%
Nonmanufacturing industries					
Airlines	8	5	3	2	1
Banking	16	13	3	3	—
Insurance	23	21	2	2	—
Pipelines	2	2	—	—	—
Railroads	8	8	—	—	—
Retail trade—department & variety stores	14	13	1	1	—
Utilities—light, heat & power	30	13	17	16	1
Total nonmanufacturing	101	75	26	24	2
	100%	75%	25%	93%	7%
	—	—	100%	93%	7%
Total companies	363	206	157	146	11
	100%	57%	43%	—	—
	—	—	100%	93%	7%

for supervisors but not at levels that would be out of kilter with outside rates. However, if the 20% minimum differential results in salary levels higher than those in the area, we don't worry about them."

To insure an adequate differential for a standard forty-hour week, an auto parts manufacturer reports as follows:

"Supervisors who have occupied an exempt foreman classification for not less than three months do not receive earnings of less than 125% of the gross earnings (overtime and incentive pay) of the highest hourly rated occupational group under their supervision. Under no circumstances is a supervisor's pay equal to less than 125% of forty times the maximum of the rate range of the highest hourly rated job supervised even though the workweek of subordinates should be less than forty hours."

One of the larger manufacturers of consumer durable goods and industrial equipment included in the sample relies on local area surveys wherever plants are located. The company operates in excess of fifty

installations around the country. Local plant managements follow the company's general practice of setting up and maintaining adequate differentials for supervisors in order to provide incentives that will attract and hold personnel "who have and use capabilities essential to the growth and successful operation of the business. . . ." Job evaluation is used extensively throughout the company. However, each plant is more or less free to adopt the system that best fits its needs. In this way, local managements are able to determine the "true value" of supervisors' jobs and pay them commensurately. Salary ranges are ample for granting increases to supervisors in proportion to individual performance as well as for providing substantially higher rates than those paid to the employees under them. In order to achieve this goal in each installation, the company reports:

"As a general rule, first-line supervisors' positions are placed in salary grades based on job evaluation permitting pay differentials equal to a minimum of 20% more than the straight-time earnings of the highest-paid employees supervised. Area rates are used as a guide for comparing salary levels but caution is exercised to insure higher pay

mittee with the aid of the ranking method of job evaluation. The committee also takes into consideration going rates in the area and industry. In applying these guides, the average overtime of employees supervised is also checked. The goal is to set salary grades so that individual supervisor's pay differentials will be at least 10% over the gross earnings of his subordinates."

"It requires establishment of a salary structure that correlates position relationship within the company with

Table 3: Percentage Patterns for Computing Differentials in 146 Companies

Percentage Pattern	Number of Companies
A. Percentage over straight-time earnings of highest-paid employee supervised	
10%	4
15%	7
20%	1
25%	4
10%-15%	5
10%-20%	3
10%-25%	4
10%-30%	5
12%-23%	1
15%-25%	2
15%-42%	1
Up to 25%	2
Not fixed	11
Total	50 (34%)
B. Percentage over average of straight-time earnings of all employees supervised	
10%	5 ^a
15%	1
20%	4
25%	4 ^b
5%-30%	1
5%-35%	1
5%-40%	1
8%-25%	1
10%-15%	1
10%-20%	3
15%-20%	1
15%-25%	1
20%-25%	1
23%-50%	1
Not fixed	9
Total	35 (24%)
C. Percentage over the maximum of the rate range established for the highest-rated job classification supervised	
5%	1
10%	4 ^b
15%	5
25%	2
5%-25%	1 ^c
7%-57%	1 ^e
10%-15%	1
10%-25%	3
10%-28%	1
10%-30%	2
10%-50%	1
12½%-28%	1
15%-25%	1
15%-65%	1
20%-40%	1
25%-30%	1
Not fixed	10
Total	37 (25%)
D. Percentage over the average of the gross earnings of the top 25% of all employees supervised	
20%	1
10%-25%	2
10%-35%	3 ^d
20%-30%	1
20%-55%	1
Total	8 (6%)

E. Other % patterns No. of companies

10% over the average of the straight-time earnings of the three highest-paid employees supervised 1

Reasonable % over the straight-time earnings of the highest-paid employee supervised 1

Percentage over the gross earnings of the highest-paid employee supervised:

10% 1

15% 2

20% 1

10%-30% 1

Percentage over the average of the gross earnings of the top five employees supervised:

15% 2

12½%-25% 1

Not fixed 1

Percentage over the average of the gross earnings of the whole group of employees supervised:

15% 1

Up to 25% 3

10% over the average of the gross earnings of the top two-thirds of the whole group supervised 1

Total 16 (11%)

a. Two companies apply formula to factory supervisors only.

b. One company applies formula to office supervisors only.

c. Apply formula to factory supervisors only.

d. One company applies formula to factory supervisors only.

Table 4: Dollar Patterns for Computing Differentials in Eleven Companies

Dollar Pattern	Number of Companies
11¢ to 90¢ per hour more than the average of the straight-time earnings of the whole group supervised 1	
25¢ per hour more than the straight-time earnings of the highest-paid employee supervised 1	
15¢ per hour more than the straight-time earnings of the highest-paid employee supervised or the minimum of the salary range of one salary grade higher than that of the highest-paid employee supervised, whichever is higher 2	
\$20 to \$25 per week more than the average of the straight-time earnings of the whole group supervised 2	
Monthly salary equal to not less than 238 times the hourly rate of the highest-paid employee supervised (differential equals 37½%) 1	
\$100 to \$150 per month more than the monthly straight-time earnings of the highest-paid employee supervised 1	
18¾¢ to 25¢ per hour more than the maximum of the rate range of the highest-rated job classification supervised 2	
Not less than 6¢ per hour more than the maximum rate paid to employees occupying highest-rated job classification supervised 1	

outside 'market' values for equivalent contributions. This important element of the company plan is the 'yardstick' that relates position evaluation to 'market' price dollar amounts. Our salary structure thus provides a means for relating, on a company-wide basis, the salary ranges for all exempt salaried positions, both with respect to each other and to 'market' price. . . . This is accomplished by continued research and analysis of pertinent data involving all factors which have a bearing on the achievement of the company's compensation objectives and results in appropriate adjustments of the salary structure."

DIFFERENTIAL GUARANTEES

The remaining 131 manufacturing and twenty-six nonmanufacturing companies guarantee their first-line supervisors a fixed amount more than the earnings received by rank-and-file employees. These differential guarantees are expressed either as a percentage of earnings or in cents per hour. In the latter case, the guarantee is sometimes given in terms of a monthly figure. Of the 157 companies using guarantees, 122 manufacturing and twenty-four nonmanufacturing (93%) have adopted "% patterns." Differentials are computed as a percentage of some defined base. A vast majority of the companies set a minimum or maximum percentage or both. Thirty companies in the group do not follow any fixed percentages. (See Table 3.)

One of the nine companies reporting that it guarantees a differential over average straight-time earnings of the whole group supervised, without fixing the percentage, qualifies the practice as follows:

"As a general rule, first-line supervisors are placed in salary ranges which will permit paying salaries that are at least 20% over the straight-time earnings—forty-hour week—of the highest-paid employee supervised. This as-

sure supervisors getting an appropriate differential—at least 10%—above the average straight-time earnings of the group when working overtime hours. In applying this rule, employee earnings for extended workweeks are carefully checked. If warranted, the pay differential may be as much as 35% more than the average of straight-time earnings to maintain adequate differentials under any circumstances."

While companies using "\$ patterns" are in the minority, within this group there are almost as many variations in pattern as there are companies. Eight companies use straight-time earnings as the base and three others consider the maximum of the rate range of the highest-rated job classification. (See Table 4.)

MULTIPLANT PRACTICES

Responding companies reported separately on factory and office supervisors and on whether compensation practices are identical if more than one plant or office is operated. A majority of the cooperating companies that have multiplant operations follow the same pay practices in all plants.

Two hundred and ten of the 262 manufacturing companies and seventy-six of the 101 nonmanufacturing companies report they have more than one installation. About 75% of the manufacturing and 90% of the nonmanufacturing groups use identical practices in all plants or facilities. Three of the remaining manufacturing companies state that differences between plants are only "minor" or "slight," while another indicates "pay practices are the same for most of our major plants."

NICHOLAS L. A. MARTUCCI
Division of Personnel Administration

Listening in for Management News

News dispensed over the management-communicator device that some companies are using is supposed to reach the ears of management personnel only. The supervisor dials a certain number on the plant telephone exchange, and hears a message recorded on tape that provides information of importance to management personnel. The messages ordinarily are changed once a day, sometimes more frequently.

A participant in a conference held by one of the eastern universities reported that, in his company, about three times as many persons were listening to the messages as there were management representatives who had official access to use of the system. Many workers had access to the company telephones, and in some way learned the number that would enable them to hear the recording.

This unauthorized listening was considered indicative of the keen interest of workers in getting information available to their supervisors. It was reasoned that cynical employees had an impression that management might shade information given to them, but would give supervisors straight facts. By listening in, they could find out. They believed what they heard over the telephone communicator.

Executive Selection through Group Appraisal

Atlantic Refining's program has been effective in uncovering executive talent and developing men capable of taking on top responsibility

A MAJOR HEADACHE of American business today is finding capable men to move up when senior executives retire, die, or leave their companies for some other reason.

What generally occurs in a company when an executive position becomes open?

Most presidents queried by THE CONFERENCE BOARD about the practices in their own organization say they rely on the processes of "natural selection" to bring the best talent to light. They believe good men will automatically rise to the top just as cream rises in a bottle of milk.

However, another group of presidents feel they are spending a disproportionate amount of time on top-level personnel problems, and therefore are asking consultants to help them find the executive they need. The consultant is usually known as a talent scout or executive recruiter. He contacts executives in other companies, does a preliminary screening job, and refers the most likely candidates to his client for a final decision.

A third group—small but growing in number—is using a different approach to the problem of executive selection. This group argues that there are undoubtedly as many potentially capable young men in their own companies as in the companies across the street. But unlike the first group cited, these men know from experience that individuals with high potential often get lost in the shuffle. So they have attempted to find ways of discovering this buried talent. The experience of one company and a description of the plan it developed is reported here.

MANAGEMENT INVENTORY PLAN

Executive appraisal is being approached systematically by the Atlantic Refining Company through its Management Personnel Inventory and Development Plan. The basic element of the plan is a group appraisal of the performance and potentiality of the individual. Line and staff members work together in making the appraisals. No outside personnel are used.

Although in some respects it conforms to the general pattern of personnel inventory and development plans found in certain other companies today, Atlantic's plan is, in general, a more comprehensive approach to such work. The plan is designed to provide multiple sources of information and impressions concerning an

individual's performance and potentiality. These sources include the person being appraised, two higher levels of management, and staff members with whom he deals. In brief, the plan provides for the following:

- The appraisee takes a battery of personnel tests.
- He completes a questionnaire.
- He is interviewed "in depth" by a personnel specialist.
- He is appraised by a panel of three to five management members.
- He is counseled concerning the results by his superior, and together the two agree on a plan for development.
- The development plans are reviewed with a staff training man who assists the superior in implementing them.

Program Is Dynamic

The appraisal records that evolve from this program are not permitted to lie dormant in the files. Rather, the results are used in many ways, such as finding solutions to selection and placement problems, personnel development problems, and the special manning problems arising from reorganization studies. Personnel managers review the material before recommending supervisory and executive assignments. A thorough follow-up of the development recommendations made in the appraisals is an integral part of the plan. Each supervisor responsible for carrying out a development plan with his subordinates reports the results to his superior periodically. A complete report of company-wide management development activity by department is required quarterly by the company's operating executive committee. When a department is to undergo reorganization analysis, the personnel inventory precedes this study or runs concurrently with it. Thus, management is in a better position to deal with the manning problems of the new organization promptly. In such ways is the inventory material used.

The company has been working with a management appraisal program for the past eight years. The first steps toward a formal plan were taken in 1948 when the present head of the company came into the organization as vice-president of the marketing department. He was faced with problems of reorganization. In order to obtain knowledge of the management members of the department and to have a firmer basis for future

executive selection, he introduced an appraisal program which included psychological testing and personnel appraisals. He found the results of this effort so helpful that he supported a proposal for a company-wide systematic personnel inventory plan when he later became executive vice-president and then president.

The company experimented with various appraisal methods until the present plan was evolved in 1953. The "first round" of this plan has been carried out in almost all departments to date, and it has covered approximately 500 management members. The company plans to extend it to include all members of management.

The first round has been carried out with painstaking thoroughness. One reason is that the original work is establishing the basis for subsequent appraisals. The company reasons that if these first appraisals are effectively done, later ones will be easier and more reliable. The plan is cyclical and will be repeated approximately every four years. This interval is considered proper in view of the long-range development that is involved. However, somewhat less formal appraisals are made within each department more frequently. And if major changes are noted in the individual, the basic appraisal is brought up to date.

Values of Coordination

The inventory phase of the plan is coordinated by a director in the company's personnel department. He does most of the interviewing, moderates the appraisal panel discussions, and prepares the appraisal summaries. This promotes a uniformity of method and a consistency in the application of management standards. To supplement the impressions of the panel and as a check point, the director can make reference to suggestions raised by test scores and interview notes.

Panel members use methods of personnel appraisal that, as a rule, they have not used before. As they are exposed to standards for judging management performance, they frequently question their own performance. Appraisers make comments such as: "His trouble is he doesn't know how to delegate, which is also a problem I have." Significant improvement may occur in the performance of appraisers who have had the opportunity of serving on a series of appraisal panels. And they gain a better understanding of what to look for in the day-to-day supervision of their workers.

A frequently heard criticism of merit ratings and personnel appraisals is that they are made hastily and carelessly. But such a criticism could hardly apply here. Time is taken to explore the individual's qualifications thoroughly, and any differences of interpretation by panel members are discussed until a common understanding is reached. The group sessions average one and a half hours. The entire appraisal procedure, counting the write-up time, takes approximately a day

and a half for each individual. The time spent, the methods followed, the use of the panels, all contribute toward sound judgment. Equally important, they promote a general acceptance of the plan and a high level of confidence in the appraisals themselves.

Two Essentials

In introducing the plan, Atlantic's president pointed out that the future of the company depends upon two things.

- The effective development and utilization of capital resources
- The effective development and utilization of people

"It is essential to the present and future health of the company," he said, "that we carefully plan to meet the recurring problem of effectively manning our management ranks. It is also vital that we provide full opportunity for management members to develop their potential abilities so they may grow in their assignments and be of increasing value to the company."

Three basic questions are asked about management personnel:

1. What management personnel are available in terms of experience, ability and potential?
2. What are the company's needs for management personnel now and in the future?
3. What can be done to fill these needs through placement and developmental experiences?

A company manual spells out a way of finding the answers to these questions. It also shows, step by step, how the plan is carried out in day-to-day practice.

The company has given THE CONFERENCE BOARD permission to reproduce some of the highlights of this manual.

* * *

Highlights from Atlantic Refining's Executive Appraisal Manual

The appraisal and development of people in our company is by no means a new undertaking. It has been going on since the company began. The plan described here is only a means of carrying out more effectively responsibilities that are basic in any management job and that are fundamental to the future of the Atlantic Refining Company. These responsibilities include the following:

1. Appraising the performance of management members and taking steps to improve their performance in their present jobs.
2. Anticipating personnel needs in the organization before they become critical.
3. Locating management talent on a company-wide basis and determining the strengths and weaknesses of that talent.
4. Determining what type of responsibility this talent

might eventually be expected to assume and what the development requirements are.

5. Taking carefully planned steps to give this talent the type of experience, coaching, and other forms of development it needs to be of greater service to the company.

The Management Personnel Inventory and Development Plan is focused on the individual. The plan provides an avenue for his growth, primarily through improved job performance, toward his maximum capacity in management responsibility. It gives life in a practical way to the long-range objective of the company to promote whenever possible from the ranks.

Department heads and division managers traditionally recognize their responsibility for staffing their organizations, for developing their employees, and for having capable replacements available to meet the personnel needs caused by expansion, retirement, death, disability and resignations. This plan gives executives a better tool with which to accomplish the task. It retains the existing line and staff responsibilities for the placement and development of personnel. The industrial relations department will assist each unit in carrying out its responsibilities.

How the Plan Operates

The plan provides a basis for obtaining improved performance of management members and for bringing a properly qualified man to each management job at the time he is needed, and thereafter to make him increasingly effective in that job. To accomplish these objectives, the plan is carried out in two parts: *inventory* and *development*. The inventory consists of eight items:

1. Personnel Testing

Each member in the program takes a series of standard tests designed to give indications of his interests, his temperament, his mental alertness, his knowledge of supervision, and in some circumstances his mechanical comprehension.

Suitable tests are available in only a few of the areas concerned in management appraisal. They can reflect little or nothing of such vital matters as character, competitive drive, business judgment and administrative skill. However, in the areas of concern they do cover they are of value. The tests are used as an exploratory tool and as a reference point. They decide nothing in themselves. They frequently help confirm the conclusions of the interviewer and the appraisal panel, and thus provide greater confidence in these conclusions. They often suggest a strength or weakness not readily apparent to the interviewer or the appraisal panel. In such instances, the interviewer and the appraisers are alerted to probe for evidence to support or refute the findings of the tests. The limitations of the tests are fully recognized, and the tests used accordingly.

2. Personal Questionnaire

The appraisee completes a questionnaire covering a number of items concerning personal history not otherwise available, representative accomplishments, goals he hopes to attain in his work in the next year, his major strengths, areas where he wants to show improvement, and his idea of the development efforts he would like to undertake. He brings this for reference to the interview. The questionnaire makes it possible for him to think through thoroughly some critical

questions touched on in the interview and conserves interview time by getting some personal data in advance.

3. Personal Interview

Each member is interviewed by a representative of the industrial relations department. The interview is designed to give the appraisee an opportunity to contribute to his own appraisal. Through a modified nondirective technique, he is enabled to reveal himself concerning matters related to his personal background, his concept of his job, his accomplishments, ambitions, philosophy of supervision, attitude toward the company, and his development needs. The interviewer develops a report of the information obtained and of his impressions. This report, like the testing material, is used as a check point in the subsequent appraisal session.

4. Appraisal by Group

Periodically, each member will be appraised in regard to his job performance and management potential. This appraisal will result in a recommendation concerning his present job status, his possible future movement in the company, and the development he may need to improve his present performance and to get ready for larger responsibilities. These are vital matters to the employee and to the company. The appraisal is the keystone of the plan. It is essential, therefore, that the appraisal be made with great care, free from prejudice and with due recognition of obligation to both the employee and the company.

The technique of the appraisal is very simple. It consists of three or more people of higher-management levels than the man being appraised, who know his work and have some responsibility for it, sitting down and discussing his present performance and future possibilities. The appraisal panel normally includes the appraisee's immediate superior, the latter's superior and a representative of the industrial relations department. It may, under some circumstances, include someone outside the department with whom the appraisee has business contacts.

The panel discusses the individual's effectiveness in a conversational way. The director of management personnel inventory generally serves as the moderator of the panel. He first engages the panelists in free discussion in order to obtain an over-all impression of what they consider their most important observations of the man's performance. He then questions the panel concerning the man's performance in each of the key duties of the job, obtains data covering accomplishment in each area and evidence of technical skill. The questioning then covers areas reflecting the man's motivation on the job, how effectively he uses his intelligence, his emotional stability and how effectively he leads.

Sample questions covered by the appraisal panel are shown in the accompanying box. The questioning is flexible and is adjusted in keeping with the nature of the position under consideration. Notes are taken on the discussion, from which an appraisal statement in the form of a narrative description is developed for the approval of the panel.

By using the panel discussion method of appraisal, we avoid some of the bias inherent in the judgment of any one person. In a group, each mind stimulates the others to think of things that any one alone might forget. Each tends to level off the overstatements, favorable or unfavorable, of the other. The objective is a temperate, thoughtful, fair-minded appraisal.

After a thorough discussion of job performance, the panel summarizes its viewpoint in the following rating:

Performance on Present Job

1. He does an outstanding job.
2. He does a good job.
3. He does an acceptable job.
4. His performance is questionable and must show improvement.
5. He does an unsatisfactory job.

The panel then discusses the man's potential as forecast by his job performance and personal characteristics. Here the discussion centers around the question: What is the next step ahead for this individual and does he have further potential beyond the next step? Upward movement is given primary consideration but lateral moves to gain increased experience or for better personal adjustment will also be reviewed. Several possibilities, even though one or more of

them may seem remote, should be listed. Often in this part of the discussion, suggestions are made that were never considered before, and these may prove very important to the future of the individual.

Following this exploratory discussion, the panel agrees on a rating on potential.

The panel then considers, in view of the strengths and the weaknesses disclosed and the anticipated future, what steps might be taken to develop the individual to realize his potential on the job or in higher jobs. These suggestions are considered tentative and subject to later study by the man's superior in consultation with personnel training specialists.

The outline the appraisal follows appears on the next page.

5. Development of Departmental Personnel Inventory Charts

When all the appraisals are completed in a department or a major division, an industrial relations department representative reviews the results with the unit head. Together they draw up charts showing by color code the status of the personnel, the future replacement needs, and listing the candidates who may qualify for the anticipated vacancies immediately or after development. These charts are drawn up on a long-term basis, generally anticipating needs five years in advance.

Replacement candidates are obtained not only from the immediate department but from the company at large. It is entirely possible that an individual's name may appear as a candidate on inventory charts for other divisions as well as his own. The list of candidates is considered a working list and not a final list. It is reviewed regularly.

The inventory charts provide a valuable control to the plan. They indicate at a glance the reserve strength of a work unit or the lack of it. It is the starting point for determining what must be done to strengthen the organization.

The inventory chart, the appraisal summaries, the reports on tests and the development recommendations for each department are placed in a loose-leaf binder and kept in the possession of the department head for his use. Each supervisor retains a copy of the material covering his subordinates for use in counseling and development.

6. Central File of Reserves

As an aid in locating candidates on a company-wide basis, the industrial relations department is developing a cross-index file that will classify each member under the jobs for which he might qualify. This classification will be based on the information provided by the inventory material.

7. Superior's Counseling Discussion with Appraisee

As promptly as possible after the appraisal summaries are available, the superior meets with the appraisee to discuss the results of the appraisal. In this discussion, the supervisor aims to accomplish the following with the appraisee:

1. To inform him of the value the company places on his strengths.
2. To build the appraisee's confidence in himself.
3. To identify his weaknesses and how they affect his performance.
4. To allow him to question the appraisal and express his reaction.
5. To agree on a plan of action leading to the development of the man.

Sample Questions

A seven-page form was developed by the Atlantic Refining Company as an aid to appraising selected workers for different management positions. Of course, only a fraction of the questions are shown here.

The name of the individual under consideration is listed on the cover page as well as the names of those serving on the appraisal panel.

Some sample questions discussed by the appraisers follow.

How does this individual's performance compare with your standard of performance in each of his key duties? [His job description is used as the guide.]

To what extent does he accept responsibility? To what extent does he reach out for responsibility beyond day-to-day expectations?

To what extent does he show self-reliance in decision making as opposed to dependence, submissiveness and conformist traits?

What is the quality of his thinking in problems of the business?

How does he react to frustrating circumstances?

Do people like to work with him?

What annoying traits does he have?

Is his performance being impaired by any off-the-job problems of a personal nature? Can he correct these situations?

How does he shape up as a team worker with other units in his department and with other departments?

What kind of subordinates does he seek?

What are his three greatest weaknesses? His three greatest strengths?

What is the next step ahead for him? What are his long-range possibilities?

What development does he need to improve his job performance and to prepare for advancement?

There is space on the form so that the panel can record its findings on these and the other questions. Later the findings are discussed with the person who has been appraised.

Outline for Appraisal Summary

Appraisal Panel: three to five members

The facts and opinions gathered from appraisal sources and appropriate inferences derived from this material are shaped around the following outline, with as much detail and example as seems justified.

1. *Personal Background*

- Age
- Marital status and family background
- Education
- Military experience
- Work history
- Special accomplishments, honors, and professional society memberships
- Special limitations—health, family problems, etc.
- Recreational interests

2. *Nature of Work*

- Generalized statement of function

3. *Job Performance and Personal Qualifications*

- a. General statement of value to company and possible future
- b. Technical performance in key duties
- c. Motivation for the assignment
 - 1. Attitude toward job and company
 - 2. Acceptance of responsibility
 - 3. Initiative—reaching out for responsibility
 - 4. Self-reliance in decision making
 - 5. Personal drive toward accomplishment
 - 6. Competitive quality
 - 7. Loyalty—management viewpoint
- d. Effective intelligence
 - 1. Selection of realistic goals
 - 2. Effective means of attaining goals
 - 3. Resourcefulness
 - 4. Quality and speed of thinking in business situations

5. Judgment

6. Vision

7. Creativity

e. *Emotional stability*

- 1. Adjustment to job limits and “unfavorable decisions”
- 2. Resistance to frustration
- 3. Capacity to take calculated risks
- 4. Governing disturbing emotions
- 5. Poise when attacked
- 6. Expressing “hostility” tactfully
- 7. Endurance under pressure
- 8. Freedom from prejudice

f. *Leadership*

- 1. Standards of performance set and followed up
- 2. Ability to evoke cooperation
- 3. Development of subordinates
- 4. Encouragement of participation
- 5. Delegation of authority
 - (a) Appropriate controls
- 6. Organizing and planning
- 7. Teamwork with associates
- 8. Freedom from prejudice

g. *Three representative accomplishments*

- h. Summarizing snapshot (a series of appropriate adjectives)

4. *Over-all Performance Rating*

- a. Individual rating
- b. Ranking with others on same level

5. *Potentiality*

- Actual jobs or types of jobs he might qualify for

6. *Recommendations*

- a. Position placement
- b. Development plans

6. As necessary, to obtain a revised working relationship with the man in which coaching plays a major part.

In the discussion, discretion must be used in reviewing areas of weakness that may be beyond the possibility of improvement; and in most cases it may be unwise to discuss ratings on potential in specific terms. Since so much depends on opportunity and on his own development, no promises can be made to any participant regarding future job assignments.

8. *Periodic Review of Results*

Annually, department and division managers will review with their superior the inventory charts, the state of readiness of replacement candidates, the development work planned, and the progress made. This review is a most significant line of communication. It keeps executives currently informed on the status of their organization, alerts them to existing problems, and makes it possible for them to take action before a situation becomes critical. It also provides a means of measuring their subordinates' skill in the appraisal and development of men.

Role of Industrial Relations Department

The plan will be considered an integral part of each department's operations. The industrial relations department will assist in the administration of all phases of the plan.

1. It will explain and clarify the plan to those responsible for carrying it out.

2. It will administer the testing phase of the plan and supply an interpretation of the results.

3. It will supply the appraisal panel with all personnel data.

4. It will assist the appraisal panel in conducting the appraisal and will prepare the appraisal statement for approval.

5. It will work with department heads in developing personnel inventory tables and bring to bear on this problem its knowledge of potential candidates from all parts of the company.

6. It will provide coaching in the problems of counseling.

7. It will counsel with the appraisee's superior in development planning and in the execution of such plans.

* * *

One of Atlantic's executives has commented on the plan as follows: "This plan has helped our executives obtain a more complete picture of the management group, its reserve strength, and the replacement problems that are present. It has brought together, in concentrated form, the best thinking available concerning each individual appraised and has improved communication to the man concerning these judgments. In many cases it has stimulated self-development. It has led management to think out decisions carefully in respect to major placement problems long before they

become critical, and it has been helpful in meeting manning problems created by reorganization. Like any other plan, however, this one is only a tool, and the value of the tool lies in the use that is made of it and the extent to which it is kept in workable condition. We have used the tool effectively in many ways, and for a number of years now, but we know it is always possible to make improvements, and this is our intention."

STEPHEN HABBE

Division of Personnel Administration

What's in an Application Blank

JOB HUNTERS often complain of the hours they spend filling out long, complicated application blanks. While a personnel manager may express sympathy with their complaints and even go on to admit that "some application forms *are* pretty long," he is apt to point out that a company needs considerable information about an individual before deciding whether to hire him. And the applicant, unless he has something to hide, would not wish to be judged on anything less than an adequate presentation of his background and qualifications.

The crux of the matter lies in determining what constitutes an adequate presentation of the required information. The applicant should neither hesitate nor object to supplying such information about himself. It is, in fact, in his interest to do so.

But sometimes questions creep into company application forms that prove annoying, or worse, to those expected to answer them. Items delving into matters which apparently are extraneous to the employment situation (as educational attainments of the applicant's parents) or into matters which are generally regarded as personal (as the applicant's monthly home rental) are apt to cause special resentment.¹

Not Enough Room

The format of some application blanks might be mentioned in this same connection. Not uncommonly, only a single line or a small boxed space is provided for the applicant to describe the last job held, listing chief responsibilities, giving name and title of supervisor, etc. This is frustrating to say the least, as there isn't enough room for all the information that is asked for. The applicant supplies what he can and lets the rest

go. In this way, however, slipshod work is encouraged.

Also, it is unlikely that many individuals will do a neat, thorough job if handed an application blank mimeographed on soft paper.

A particularly discouraging experience is for an applicant to spend thirty minutes conscientiously filling out a form, only to find it lightly regarded by an interviewer who tosses it into an "out" basket and dismisses the candidate, saying: "There's nothing open just now for a person with your qualifications, but we'll let you know if anything turns up." Such occurrences may be kept to a minimum by the use of an abbreviated form,

Items Appearing on One-Fourth or More of Forty-two Application Blanks

Item	No. of Blanks on which Item Appears
Name of applicant	42
Address	42
Date of birth	42
Previous work experience	42
Educational background	42
Marital status	42
Phone number	41
Social Security number	40
Height	36
Weight	36
Armed Services experience	36
Dependents	36
Position desired	34
Defects; handicaps	33
Citizenship	32
Sex	30
Applied for job or worked for this company before?	28
Relative or friend now working for this company?	27
Whom to notify in emergency	21
Salary desired	17
Place of birth	15
Presently employed or unemployed	13
Living arrangements	12
Information about family	11
When available to begin work	11
Police or criminal record	11

¹ Companies recruiting workers in states or communities with fair employment practice codes cannot inquire about race, religion, or national origin. Some companies, regardless of the recruitment area, have deleted all such questions from their application forms.

usually called a preliminary application blank, which can be filled out in five minutes or less. It asks only for such basic information as name, address, age, education, last employment, and type of work desired. Use of the short form permits the interviewer to make a rough screening of candidates. Those who are to be given further consideration are asked to fill out the full application form later on; the others are dismissed courteously with little of their time lost.

Employment "Agreements"

Employment "agreements" often are found toward the end of application forms. The individual is asked to sign the agreement prior to being considered for a job. He may have little knowledge or understanding of what is involved. The agreements frequently are couched in complex legal phraseology. They speak of turning over patent rights to the company; of contributing to a pension fund; of not being a member of subversive organizations; of relieving the company of certain liabilities; etc.

While some companies regard the employment agreement as essential, others have eliminated them in recent years, and still others have operated successfully for decades without them. They argue that an agreement

in an application form tends immediately to set the wrong tone with prospective employees, and thus should be avoided.

THE CONFERENCE BOARD recently analyzed the application forms of forty-two companies. A tabulation was made of the items included. More than fifty items were found on one or more of the forms. Six items appeared on every form. A check of the table on the preceding page may be useful to a company in the process of revising its own application blank. It may reveal areas that had been overlooked but that should be included; or it may reveal other areas that can be omitted.

If the company operates more than one shift, the applicant may be asked which shift he would prefer. Questions about special skills and about organizational memberships (apart from racial and religious ones) often are included. The blanks also may contain items to be filled out by the interviewer after he has talked with the applicant. Such matters as the following are often found: job title and description, rate of pay, a rating by the interviewer, medical findings, and the date of hiring.

STEPHEN HABBE

Division of Personnel Administration

New Series on Capital Appropriations in "Business Record"

THE CONFERENCE BOARD has begun a continuing quarterly survey of capital appropriations among the 1,000 largest manufacturing companies at the suggestion and under the financial sponsorship of *Newsweek* magazine.

The survey is based upon the Board's previous work in this field, a preliminary pilot study among members of the Board's Council of Financial Executives, its Council of Marketing Research Directors, and its West Coast Marketing Research Council, as well as extensive consultation with business, academic, and government officials and analysts.

Its purpose is to obtain foreshadowing and, at the same time, objective information on business spending for plant and equipment. The information is based upon actual management decisions at the highest levels of authority.

This survey will now provide, on a quarterly basis, some new insights into business expectations as they relate to orders to be placed with the capital goods and construction industries. Changes in spending for plant and equipment, at least in the past, have been widely linked with changes in total business activity.

The top 1,000 companies account for about two-thirds of all manufacturing assets and approximately

three-fourths of all capital spending by manufacturing companies. Survey coverage thus far represents 69% of the assets of these 1,000 firms.

The total backlog of approved capital appropriations of the 1,000 companies at mid-1956 is estimated at over \$10 billion. Appropriations increased both during the first and second quarters. During the first half of 1956, these companies apparently approved \$8.5 billion in new capital appropriations.

The cooperating companies reported that newly approved appropriations were 39% higher in the first half of this year than in the same period a year earlier. Companies in the durable goods industries had a higher rate of appropriation approvals—46%. For the non-durable goods companies the increase was only 32% over 1955.

The cooperating concerns further reported their midyear appropriation backlogs up by 63% compared to mid-1955. Over this same period, the backlog for durable goods companies rose by 72%, and for the nondurable goods groups, by 51%. The primary non-ferrous metals, fabricated metal products, and rubber industries indicated the largest percentage increases in their backlogs over this period.

Railroad Stock Option Prices

A new Interstate Commerce Commission ruling authorizes the issue of stock at less than the fair market value on the date of grants

IN RECENT YEARS several railroads, along with many other corporations, have adopted stock option plans as a form of incentive compensation for executives and other key employees. Railroads, however, not only have to meet the requirements of the Securities and Exchange Commission and Internal Revenue Code regulations but they must also get the Interstate Commerce Commission's approval before making any option grants.

Prior to July 23, 1956, the ICC consistently refused to authorize the issue of stock by railroads at less than fair market value on the date of option grants. Two railroad-equipment leasing companies adopted stock option plans—one in 1955 and the other in 1956—with prices at less than fair market value.¹ But ICC approval was not required for either of these two plans. Before 1956, eight railroads listing stock on the New York Stock Exchange adopted option plans—one in 1952, four in 1954, and three in 1955. The plans provide for stock prices at not less than fair market value fixed as follows:

Highest price prevailing on date of grant.....	5 companies
Closing sale price on day preceding grant date.....	1 company
Average market price on date of grant	1 company
100% of fair market value on date of grant, or par value, whichever is greater.....	1 company

However, when the Atchison, Topeka and Santa Fe Railway System adopted an incentive stock option plan this year, they proceeded along somewhat different lines. The plan itself is not unusual for the most part, as its basic provisions show:

- Last date for grants—January 31, 1966
- 1 million shares authorized (less than 5% of total outstanding after split of five for one on April 26, 1956)
- 50,000 shares or 5% of the total authorized maximum number of shares granted to one employee
- Two-year waiting period after date of grant before option is exercisable
- Option exercisable in whole or in part any time during active employment
- Cash payment in full required upon delivery of stock
- Term of options—ten years

But unlike the plans adopted heretofore by railroads, the Santa Fe management sought ICC approval of a stock price less than the fair market value. The plan fixed the subscription price as follows:

"The purchase price under each option shall not be less than 95% of the last price at which the stock traded on the New York Stock Exchange on the date of granting the option, or if the stock was not traded on such date not less than 95% of the last price at which it heretofore was traded; provided, however, that such price shall not be less than 95% of the fair market value of such shares on the day the option is granted, determined in accordance with any regulations applicable to 'Restricted Stock Options' adopted by the Commissioner of Internal Revenue."

The board of directors of the railway had approved this plan on January 31, 1956, and stockholders had given their approval in the annual meeting on April 26, 1956. On May 16, the company filed an application with the ICC for authorization under Section 20 (a) of the Interstate Commerce Act to issue and sell its common stock according to "a proposed incentive stock option plan."

In its application for ICC approval, the company emphasized the following points:

1. The plan will assist in recruitment and retention of able personnel for important positions and stimulate the loyalty and zeal of the incumbents.
2. The differential of 5% between option price and NYSE closing price, permitted under Section 421 of the Internal Revenue Code, is necessary as "some small protection" to prospective optionees against fluctuations on the exchange.
3. The plan is not designed to reward executives and key employees for past services. Instead, it is a means of inducing them to remain with the company and to promote the company's best interests in the future.
4. A great majority of the companies listed on the NYSE that have adopted stock option plans for the five-year period 1951-1955 provide for option prices at less than fair market value, with 95% of fair market value being predominant.

In departing from its previous stand on option prices, the commission's report on the Santa Fe application states:

"In prior cases we have refused to authorize the issue

¹ "Stock Option Plans Continue in Vogue," *Management Record*, August, 1956, p. 266.

of stock by railroads under option plans, similar to that here involved, at less than the fair market value thereof on the date the applicable option is granted. However, upon further consideration of this matter, we are of the view that continuance of such requirement would be unduly restrictive upon carriers subject to our regulation. These carriers must compete for personnel with other corporations which are not so restricted. . . . It is also noteworthy that Section 421 of the Internal Revenue Code, with reference to restricted stock options, approves for capital gains tax purposes prices of not less than 95% of fair market value on the date an option is granted."

The commission's report also authorizes the other company proposals that were included in the application.

Santa Fe stock is judged to be among the higher-priced stocks traded on the NYSE. The highs and lows in recent years are as follows:

	High	Low
1951 (last 5 months)	\$ 82	\$ 68¾
1952	104¾	78½
1953	103	86
1954	134⅞	92½
1955	161½	121½
1956 (first 4 months)	173	137

In splitting the stock five for one, effective August 1, 1956, and in view of the growth value since 1951, key employees should have the prospect of potential benefits after exercising their rights to purchase company stock. The company says, "Continuation of efficiency and economy in the company's operations and favorable trends in the general prosperity of the country, to which the company's volume of business is closely related, should prove beneficial to optionees."

NICHOLAS L. A. MARTUCCI
Division of Personnel Administration

Labor Press Highlights

Unions Drive for Shorter Workweek

THE United Automobile Workers' statement that one of the union's next major demands will be a shorter workweek has stepped up general union interest in the subject. A special conference of AFL-CIO officials met recently to discuss the problem and heard President George Meany state that "the over-all problem of shorter hours lies at the very heart of our economy." *The AFL-CIO News* reports that Mr. Meany claims the labor movement brought about shorter hours. Now with the coming of automation, Mr. Meany adds, "if we are going to replace labor, we must shorten hours and maintain pay."

There also have been specific demands by several unions for a shorter workweek. The International Association of Machinists at its convention instructed its executive council to request the AFL-CIO to launch an "all-out drive" for a thirty-hour week, reports *The Machinist*. The convention also directed all local and district lodges to seek a thirty-hour week clause in all contracts. Moreover, every effort will be made to have a thirty-hour week provision written into the Wage and Hour law.

In addition the Order of Railway Conductors and Brakemen, ind., as reported in *Labor*, has urged a reduction of the basic workday from eight to six hours for railroad service employees. This, the brotherhood told railroad management, would not mean that the employees would work less than forty hours but that, like other workers, they would be paid premium rates for work beyond the maximum workweek, which under the new proposal for railroad service employees

would be a thirty-six- or forty-two-hour workweek.

The independent National Federation of Federal Employees will demand that government employees have a thirty-five-hour week starting next year, reports *Labor's Daily*. *The AFL-CIO News* also mentions that at the Brewery Workers' convention, a demand for shorter hours was included in a five-point program designed to give workers a "proper share" of increased productivity.

At the Bookbinders' convention, a strong stand was taken for a shorter week. Local unions were informed that no contract calling for a forty-hour workweek would be approved by the international. The international promised to back any local in its fight to achieve less than a forty-hour week. The reason given by the union for seeking reduction of the workweek to thirty-six and a half—thirty-seven and a half hours is that expanding automation will soon require a shorter week of thirty-five hours, and eventually thirty hours, according to *The International Bookbinder*.

These programs have been translated into a specific proposal in a contract negotiation. *The AFL-CIO News* reports that the Meat Cutters and Butcher Workmen and the United Packinghouse Workers, in their joint negotiations with the meat packing houses, had as one of their demands a thirty-hour week.

Politics Takes the Limelight

With the national political conventions out of the way, the labor press has launched a full-dress discussion of political

issues. Following the lead of the AFL-CIO, many union newspapers have headlined their support of the Democratic candidates, Stevenson and Kefauver. To indicate that their members support this position, several union newspapers have announced the results of polls of their members.

One such poll was sponsored by *Labor's Daily*. Before the national political conventions it placed blank ballots in union publications, with Stevenson, Kefauver, Harriman and Symington listed as the possible Democratic nominees and with President Eisenhower listed as the sole Republican nominee. The total votes show 74% of the union members who participated in the poll in favor of the Democratic nominees and 26% in favor of President Eisenhower. On the other hand, reports *The Public Employee*, results of polls sponsored by three labor newspapers showed a majority for President Eisenhower. Two of these were the *CWA News* (Communications Workers of America, AFL-CIO) and the *Retail Clerks Advocate*.¹ But *The Public Employee* also notes that the American Federation of State, County and Municipal Employees (AFL-CIO) voted 70% in favor of the Democratic candidates. And the Woodworkers (AFL-CIO), as reported in the *International Woodworker*, cast 89% of its votes for the Democratic candidates.

Right-To-Work Laws

Along with their interest in the major political battles, several unions also discussed "right-to-work laws." The Teamsters and the Cement Workers, both AFL-CIO, commented critically about the success of the "right-to-work" initiative in the State of Washington, reports the *International Teamster* and *The Voice*. And the Cement Workers expressed pleasure with the failure to get "right-to-work" legislation on the ballot in Montana.

Unions Grow and Hope To Grow More

Two prominent unions met, commented favorably upon their growth in membership, and then increased their per capita taxes in order to push further organizing drives.

According to *The AFL-CIO News*, the Oil, Chemical and Atomic Workers have reported that since the merger of the Oil Workers with the Gas, Coke and Chemical Workers last year, their membership has increased by 20,000, or about 12%. The union's president, O. A. Knight, has now asked for an increase in dues so that the union can have a "really aggressive organizing program." The union has responded by increasing its dues from a minimum range of \$2 to \$5 to a minimum range of \$3 to \$6.

Meeting at its seventh constitutional convention, the International Union of Electrical Workers, AFL-CIO, announced that in the two years since its last convention, 362 collective bargaining groups, numbering 49,000 workers, have joined the IUE, reports *Labor's Daily*. Despite a 156-day strike with Westinghouse and a claimed loss of 100,000 jobs in the industry, the IUE states that its membership has reached 410,000. In order to expand further, the IUE has raised its per capita from \$1 to \$1.50, according to *The AFL-CIO News*.

And this same newspaper reports that the Brewery Workers have also increased their per capita tax by 31 cents to \$1.40 a month in order to provide for better union services,

such as a larger field staff, increased educational work, and more political activity.

The Paperworkers have announced in the *Paperworker News* that the union is hiring new organizers to spark a drive to increase the union's membership by at least 10% by May, 1957. This action marks the end of this union's practice of using organizers paid, in the past, by the CIO, and since the merger by the AFL-CIO. The Paperworkers will pay these organizers themselves.

Mergers Move Forward Slowly

The trend toward union mergers moves slowly ahead. This past month brought one successful merger among civil service employees with the joining of the former AFL American Federation of State, County and Municipal Employees (AFSCME) with the former CIO Government and Civic Employees Organization Committee (GCEOC). According to *The Public Employee* the merged organization will continue to bear the name of the old AFL union—the American Federation of State, County and Municipal Employees, AFL-CIO. But the GCEOC's secretary-treasurer, Milton Murray, took the newly created position of administrative vice-president in the merged organization and two GCEOC representatives were placed on its executive board. All other positions continue to be held by former officers of the old AFSCME.¹

However, *Labor's Daily* reports that another attempted merger of civil service employees failed. The independent National Federation of Federal Employees turned down an offer to talk merger with the AFL-CIO American Federation of Government Employees. The main issue in dispute was whether government workers and their families should be covered by a major medical plan.

The Woodworkers (formerly CIO) and the Paper Makers (formerly AFL) also are discussing merger, reports *Labor's Daily*. They hope to bring all workers in the wood, pulp, and paper industries into one union. Further meetings are to be held to continue this discussion.

A Canadian white collar union has merged with its American counterpart, according to *White Collar*. The Office and Professional Workers Organizing Committee of the former Canadian Congress of Labour (now a part of the present Canadian Labour Congress) merged with the AFL-CIO Office Employees' International Union.

Union Collaboration

Several unions have agreed to work together to achieve common goals. The Meat Cutters and the Packinghouse Workers' merger, though approved by both unions, has not yet been put into effect. Meanwhile, they are working together in their negotiations with the six leading meat packing companies, reports *The AFL-CIO News*.²

The Shoe Workers' Journal describes past incidents of cooperation between the Boot and Shoe Workers Union (formerly AFL) and the United Shoe Workers of America (formerly CIO) in the Midwest. Representatives of both unions will meet during October in St. Louis in order to form a Midwest Council of Shoe Workers. The council's aim will be to "build upon the present feeling of solidarity." And it

¹ See *Management Record*, July, 1956, p. 249.

² *Idem*.

¹ *The Public Employee* did not list the third newspaper.

is hoped that this will eventually lead to one merged union, with a membership of 100,000 shoeworkers.

In order to achieve a single goal—the organization of a prominent bedding company—the Upholsterers' Union is joining forces with the Teamsters, reports the *UIU Journal*.

AFL-CIO Pushes Clean-Up Drive

Faced with public criticism over the formation of corrupt "paper locals," the AFL-CIO committee on ethical practices has issued a union charter policy, which it suggests that all national unions follow. The policy, as reported in *The AFL-CIO News*, is as follows:

1. National unions, before issuing a charter, should require that the application be made by "bona fide" eligible members.
2. The purpose behind the issuance of a charter should be to "promote general welfare" and to recognize workers who join together in a local subordinate group.
3. A charter should never be issued as a "hunting license" to invade proper jurisdictions of affiliated unions.
4. A charter should never be issued to a "paper local," that is, one without members.
5. A charter should never be issued to anyone known to "traffic" in charters for illicit purposes.
6. The AFL-CIO constitution prohibits the giving of charters to any union or individual suspended or expelled by the AFL-CIO or a national union for corrupt or unethical practices.
7. The AFL-CIO and each national union should clear up any "loopholes" which permit charters to be issued or continued contrary to these above-mentioned policies.
8. The AFL-CIO and each national union should promptly withdraw local union charters issued in violation of these policies.

IAM No-Raid Pacts

President A. J. Hayes of the International Association of Machinists, AFL-CIO, reported to his union's national convention that the IAM has been making more and more no-raid agreements with other unions and that they "work." In 1952, it had only one such pact—with the United Automobile Workers. But as of the past year, according to *The AFL-CIO News*, the IAM has had no-raid agreements with the UAW, Rubber Workers, Carpenters, Plumbers and Steamfitters, Iron Workers, Printing Pressmen, Teamsters, Electricians, and Boilermakers.

The agreement with the Boilermakers was recently approved following four months of negotiations. A three-step procedure was set up for settling disputes, ending with impartial arbitration. The agreement, as described in *The St. Louis Labor Dispatch*, also provides for mutual assistance in organizing and in strike activity. The IAM is negotiating no-raid agreements with other unions.

United Mine Workers' Welfare Fund

The tenth anniversary of the United Mine Workers' welfare and retirement fund was marked by its report of June 30, 1956, that, as of that date, it had a total balance in its treasury of \$130,172,370, an increase of more than \$26 mil-

lion over last year, reports *Labor's Daily*. From 1955 to 1956, the fund received in revenue over \$154 million, while it spent over \$127.5 million. Of these expenditures, approximately \$73 million went into pensions, \$47.5 million to hospital and medical care, \$3 million to widows and survivors, and \$70,000 to disaster funds. The fund is run as a separate entity by three trustees designated in the National Bituminous Coal Wage Agreement.

Steelworkers Tally White Collar Gains

The Steelworkers in reporting the wage increases granted white collar workers as a result of the recent steel strike have published a table in *Steel Labor* which compares wages paid white collar workers prior to union organization in March, 1941, with those to be paid on July 1, 1958. The monthly increases from 1941 to 1958 range from \$277.65 to \$406.87.¹ The table is reproduced below.

Salary Rates Comparison

Job Title	Job Class	Monthly Rates in Effect Prior to Union Organization, March 31, 1941	Monthly Salary Scale Effective Final Year of Fact, July 1, 1958	Amount of Increase since Unionization
Messenger	0	\$ 58.00		\$282.65
File clerk	1	63.00	\$340.65 ^a	277.65
Typist	2	73.00	364.85	291.85
Stenographer	3	83.00	389.05	306.05
Payroll statistical clerk	4	93.00	413.25	320.25
Accounts payable clerk	5	138.00	437.45	299.45
Detail scheduler	6	153.00	461.66	308.66
Senior tabulating machine operator	7	163.00	485.00	322.86
Schedule clerk	8	183.00	510.06	327.06
Senior cost clerk	9	188.00	534.26	346.26
Layout draftsman	10	193.00	558.46	365.46
Construction inspector	11	204.00	582.66	378.66
Field engineer	12	200.00	606.87	406.87
	13 ^b		631.07	
Senior draftsman	14	266.00	655.27	389.27
Design draftsman	15	278.00	679.47	401.47
	16 ^b		703.67	

^a Job classes 0 and 1 combined as of August 3, 1956.

^b Job classes 13 and 16 not benchmarked.

Source: Benchmark data compiled in relation to inequity program in 1947.

ALBERT A. BLUM

Division of Personnel Administration

¹ See "The New White Collar Unionization Drive," *Management Record*, March, 1956, p. 89 for an earlier table.

The One-Man Union

Hailed before a tax court judge, Willard M. Bostwick was asked to explain an income-tax deduction of \$93,053 for "loss on labor" and "\$3,000 union dues LAWS." Bostwick replied, according to the RWDSU Record, that LAWS stood for Lonely American Workman's Society, of which Bostwick was the only member. He had decided that the dues should be \$3,000 and put that amount into a separate pocketbook. Then, he decided that his labor for the year was worth \$98,098. Since he only made \$5,045, he claimed a "loss on labor" of \$93,053. The courts decided that Bostwick's income-tax return was the result of "confused thinking" and asked the founder and member of the one-man union to do his income tax over again.

Consumer Prices Continue To Rise

THE CONFERENCE BOARD'S index for the United States rose to 102.3 in August (1953=100). This was 0.2% above the previous month and 2.0% above last year. The all-items index climbed to the highest point of the year as a result of increases in four of the five major components. The only component that declined was transportation, and this index was off 0.1% over the month.

The purchasing value of the consumer dollar for August was 97.8 cents (1953=100 cents), showing a decline of 0.1 cent over the month and 1.9 cents since August, 1955.

Since May, the consumer has faced increasing food costs. In August, the food index reached 100.4, 0.3% over July and 2.2% above last year's index. All the food subgroups increased except fruits and vegetables, which went down 3.0%.

The greatest increase in food prices during the month occurred in the meat, fish and poultry index, with beef cuts and pork products mainly responsible. However, prices for poultry and fish were lower. Beef prices, which have been increasing since May, advanced 3.7% over the month, and are now at the high point for the year. This steep advance in prices was, in part, the long-term effect of a chain of events starting last fall when farmers bought large supplies of corn feed and cattle. At that time, feed was plentiful and cheap, and beef on-the-hoof was expected to sell at good prices. But the cost of feed went up and cattle prices went down. And in recent months farmers have brought less cattle to market, and beef prices have moved higher. The price of pork products dropped in October, 1955, continued downward until April, 1956, and then started to gain. Between April and August of this year, there has been an increase of 13.2%.

Over the month, dairy products and eggs moved higher. There was an advance of 1.2% in fresh milk as well as an increase of 1.1% in evaporated milk. For the first time since the beginning of the year, egg prices started to climb. And, in line with their usual seasonal fluctuation, they registered a substantial increase of 3.7% this month.

Fruits and vegetables were the only food group to move lower in August, and they showed a substantial decline of 3.0%. The drop in fresh fruits and vegetables this month was large enough to offset increases in canned, frozen, and dried fruits and vegetables. The late summer crops that reached the market caused a

4.5% decrease in fresh vegetables and 4.4% in fresh fruits. Potatoes declined by 2.4%, and tomatoes and cabbage also moved down. Canned fruits and vegetables increased 0.8% and 0.3%, respectively. Part of this increase was due to higher costs in the manufacture of tin cans. Frozen vegetables rose 0.2% and frozen fruits went up 0.7%.

The housing index at 103.0 reached an all-time high. Housing costs were 0.2% above last month, with slight increases reported for rent and fuel, power and water. Household operations were up 0.2% as soap and detergent cleaners registered higher prices. Furnishings and equipment prices were slightly lower.

The apparel index rose to 100.2 for the month of August. Seasonal increases were recorded in men's and women's apparel as some new fall lines appeared on the market. Men's apparel, which rose 0.4%, continued its strong upward trend. Women's apparel was up 0.1% after dipping slightly the preceding month.

A decline of 0.2% in automobile costs more than offset the 0.3% increase in public transportation, bringing the transportation index down 0.1%. Over the month, used car prices were stronger, but new car prices were down as dealers began to shrink their inventories to make way for the 1957 models. Automobile maintenance costs were also somewhat lower.

The sundries index has not declined since May, 1954, but has either increased or remained stable. This month, once again, it followed the current pattern with a rise of 0.3%. Increases of 0.3% in medical care, 0.2% in personal care, 0.4% in recreation, and 0.1% in alcoholic beverages and tobacco were reported.

PRICES COMPARED WITH YEAR AGO

Compared with a year ago, the August, 1956, price level was up 2.0%. Foods cost 2.2% more than in August, 1955, with most of this increase due to the 11.8% rise in the prices of fruits and vegetables. All foods cost more in August, 1956, than in August, 1955, except meat, fish and poultry, which were 2.1% cheaper.

Housing costs rose 1.5% over the year as rent, fuel, power and water and household operations all registered increases of around 2.0%. Apparel was 1.0% more than a year ago, with men's apparel costing 1.5% more. Women's apparel was slightly cheaper (down 0.2%) and materials and services were 3.1% higher.

Transportation costs rose 3.3% over the year, as both automobile and public transportation were sub-

Consumer Price Index—United States

Cities over 50,000 in population
1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vege- tables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Elec- tricity
1955 January	99.9	98.2	94.3	104.0	92.8	97.1	110.2	101.2	105.5	102.7	104.8	100.9
February	99.9	98.2	94.4	104.2	93.6	97.4	108.8	101.2	105.5	103.1	105.2	100.9
March	100.1	98.4	94.1	104.3	94.2	99.1	107.5	101.3	105.7	103.3	105.6	101.0
April	100.1	98.3	94.3	104.3	93.0	100.7	106.5	101.5	105.8	103.5	106.5	101.1
May	100.2	98.4	94.0	104.4	91.7	104.1	105.7	101.4	105.8	102.9	106.5	101.1
June	100.2	98.3	94.6	104.4	91.5	103.5	104.6	101.4	105.8	102.7	106.7	101.2
July	100.3	98.6	94.9	104.6	92.4	103.6	104.6	101.2	106.2	101.4	103.9	101.6
August	100.3	98.2	94.5	104.7	94.5	99.1	104.7	101.5	106.2	101.8	104.2	101.7
September	100.5	98.5	94.9	104.8	96.4	97.4	105.1	101.6	106.3	102.1	104.5	101.7
October	100.7	98.6	94.0	104.8	97.4	97.7	105.5	101.9	106.5	102.6	104.5	101.8
November	100.7	98.0	91.7	104.4	97.7	98.0	105.6	102.0	106.6	102.9	105.0	101.8
December	101.0	97.9	89.9	104.4	98.3	99.7	105.9	102.1	106.8	103.2	105.3	101.8
1955 Annual Average	100.3	98.3	93.8	104.4	94.5	99.8	106.2	101.5	106.1	102.7	105.2	101.4
1956 January	101.1	97.5	88.4	104.9	98.5	99.7	105.7	102.2	106.8	103.7	106.0	101.9
February	101.1	97.3	88.0	104.9	96.9	101.5	105.3	102.4	107.1	104.3	106.0	101.9
March	101.1	97.0	87.4	104.9	96.0	101.7	105.8	102.6	107.2	104.4	106.0	102.0
April	101.0	97.0	87.2	104.9	94.7	102.4	106.4	102.6	107.5	104.5	106.1	102.0
May	101.2	97.7	88.5	105.0	94.4	105.6	106.7	102.6	107.6	104.0	106.2	102.0
June	101.7	99.2	89.9	105.3	94.3	112.1	107.4	102.7	107.7	104.0	106.0	102.0
July	102.1	100.1	90.9	105.5	95.1	114.2	108.0	102.8	107.9	103.9	106.0	102.0
August	102.3	100.4	92.5	105.7	96.5	110.8	108.5	103.0	108.0	104.0	106.1	102.0

	HOUSING (continued)		APPAREL			TRANS- POR- TATION	SUNDRIES	PUR- CHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnish- ings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939=100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1955 January	98.3	100.5	98.8	99.3	98.3	100.0	101.3	100.1	181.5	55.1	113.7
February	98.0	100.5	98.8	99.3	98.2	100.1	101.3	100.1	181.5	55.1	113.8
March	98.1	100.7	98.9	99.2	98.4	100.3	101.3	100.0	181.7	55.0	113.9
April	98.3	100.7	98.9	99.2	98.4	100.2	101.5	99.9	181.8	55.0	113.9
May	98.2	100.8	98.8	99.2	98.3	100.4	101.6	99.8	181.9	55.0	114.0
June	98.2	100.6	98.8	99.2	98.2	101.3	101.8	99.8	182.1	54.9	114.1
July	98.0	100.7	98.9	99.2	98.2	100.5	102.1	99.7	182.1	54.9	114.1
August	98.3	101.0	99.2	99.6	98.5	100.6	102.3	99.7	182.2	54.9	114.2
September	98.4	101.2	99.3	99.7	98.6	100.9	102.6	99.5	182.5	54.8	114.4
October	98.7	101.4	99.4	99.6	98.7	101.3	102.7	99.3	182.9	54.7	114.6
November	98.9	101.5	99.3	99.7	98.4	102.9	102.7	99.3	182.9	54.7	114.7
December	99.2	101.7	99.3	99.7	98.3	104.7	102.9	99.0	183.4	54.5	114.9
1955 Annual Average	98.4	100.9	99.0	99.4	98.4	101.1	102.0	99.7	182.2	54.9	114.2
1956 January	99.3	102.0	99.3	99.8	98.0	105.8	103.1	98.9	183.6	54.5	115.0
February	99.5	102.1	99.3	99.9	98.1	105.3	103.4	98.9	183.6	54.5	115.0
March	99.4	102.3	99.4	99.9	98.2	105.1	103.7	98.9	183.6	54.5	115.0
April	99.3	102.2	99.6	100.1	98.3	104.4	103.7	99.0	183.5	54.5	115.0
May	99.1	102.4	99.7	100.3	98.2	104.1	103.8	98.8	183.9	54.4	115.2
June	99.1	102.4	99.9	100.5	98.3	103.9	103.9	98.3	184.7	54.1	115.8
July	99.0	102.8	100.0	100.7	98.2	104.0	104.2	97.9	185.4	53.9	116.2
August	98.9	103.0	100.2	101.1	98.3	103.9	104.5	97.8	185.8	53.8	116.4

Consumer Price Index—United States

Annual averages 1914-1955^a
1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1935	53.6	186.6	1945	70.2	142.5
1915	40.0	250.0	1926	68.3	146.4	1936	54.8	182.5	1946	74.9	133.5
1916	43.0	232.6	1927	66.9	149.5	1937	57.2	174.8	1947	84.7	118.1
1917	51.3	194.9	1928	65.9	151.7	1938	55.7	179.5	1948	90.1	111.0
1918	59.5	168.1	1929	65.6	152.4	1939	55.0	181.8	1949	88.8	112.6
1919	67.6	147.9	1930	63.4	157.7	1940	55.4	180.5	1950	90.0	111.1
1920	77.8	128.5	1931	57.0	175.4	1941	58.3	171.5	1951	97.0	103.1
1921	66.8	149.7	1932	50.9	196.5	1942	64.5	155.0	1952	99.5	100.5
1922	63.6	157.2	1933	49.0	204.1	1943	68.2	146.6	1953	100.0	100.0
1923	65.4	152.9	1934	51.8	193.1	1944	69.1	144.7	1954	100.2	99.8
1924	66.1	151.3							1955	100.3	99.7

^a Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Consumer Price Indexes for Individual Cities

These indexes do NOT show intercity differences in price level or standards of living. They show only changes in consumers' prices in each city, which changes may be compared with those for other cities.

Cities Surveyed Monthly

	1953=100			Percentage Changes			1953=100			Percentage Changes	
	Aug. 1956	July 1956	Aug. 1955	July 1956 to Aug. 1956	Aug. 1955 to Aug. 1956		Aug. 1956	July 1956	Aug. 1955	July 1956 to Aug. 1956	Aug. 1955 to Aug. 1956
Chicago						Los Angeles					
All Items.....	104.6	104.8	103.9	-0.2	+0.7	All Items.....	101.1	101.2	98.9	-0.1	+2.2
Food.....	101.3	102.1	102.4	-0.8	-1.1	Food.....	98.2	98.7	94.5	-0.5	+3.9
Housing.....	108.3	108.3	107.2	0	+1.0	Housing.....	101.2	101.3	100.4	-0.1	+0.8
Apparel.....	100.8	100.7	101.6	+0.1	-0.8	Apparel.....	99.8	99.3	99.2	+0.5	+0.6
Transportation.....	103.6	103.5	101.3	+0.1	+2.3	Transportation.....	103.4	104.2	100.2	-0.8	+3.2
Sundries.....	106.6	106.7	104.4	-0.1	+2.1	Sundries.....	104.1	103.2	101.9	+0.9	+2.2
Houston						New York					
All Items.....	102.1	101.7	100.2	+0.4	+1.9	All Items.....	102.5	102.6	100.1	-0.1	+2.4
Food.....	100.5	99.7	99.3	+0.8	+1.2	Food.....	100.8	101.0	97.0	-0.2	+3.9
Housing.....	102.8	102.5	101.2	+0.3	+1.6	Housing.....	103.2	103.3	101.5	-0.1	+1.7
Apparel.....	101.1	100.3	99.3	+0.8	+1.8	Apparel.....	99.0	98.9	98.1	+0.1	+0.9
Transportation.....	103.4	104.2	99.8	-0.8	+3.6	Transportation.....	113.0	113.0	108.3	0	+4.3
Sundries.....	102.9	102.1	100.7	+0.8	+2.2	Sundries.....	102.5	102.4	101.3	+0.1	+1.2

Cities Surveyed Quarterly

	1953=100			Percentage Changes			1953=100			Percentage Changes	
	Aug. 1956	May 1956	Aug. 1955	May 1956 to Aug. 1956	Aug. 1955 to Aug. 1956		Aug. 1956	May 1956	Aug. 1955	May 1956 to Aug. 1956	Aug. 1955 to Aug. 1956
Akron						Duluth-Superior					
All Items.....	103.8	102.2	100.1	+1.6	+3.7	All Items.....	103.4	102.2	101.0	+1.2	+2.4
Food.....	101.7	99.0	98.7	+2.7	+3.0	Food.....	102.9	100.4	99.6	+2.5	+3.3
Housing.....	104.8	103.7	101.4	+1.1	+3.4	Housing.....	104.0	103.5	102.2	+0.5	+1.8
Apparel.....	100.2	99.5	97.7	+0.7	+2.6	Apparel.....	98.9	98.6	98.6	+0.3	+0.3
Transportation.....	105.2	103.4	101.1	+1.7	+4.1	Transportation.....	103.8	103.6	101.8	+0.2	+2.0
Sundries.....	106.6	105.4	100.7	+1.1	+5.9	Sundries.....	105.4	103.8	102.0	+1.5	+3.3
Baltimore						Richmond					
All Items.....	102.5	101.2	99.6	+1.3	+2.9	All Items.....	101.6	101.0	100.6	+0.6	+1.0
Food.....	100.0	96.8	97.6	+3.3	+2.5	Food.....	99.5	97.2	98.7	+2.4	+0.8
Housing.....	103.2	101.9	100.6	+1.3	+2.6	Housing.....	102.5	102.7	101.8	-0.2	+0.7
Apparel.....	101.4	101.4	100.5	0	+0.9	Apparel.....	100.2	99.8	98.8	+0.4	+1.4
Transportation.....	102.9	103.9	98.0	-1.0	+5.0	Transportation.....	101.9	102.5	100.5	-0.6	+1.4
Sundries.....	106.0	104.9	101.5	+1.0	+4.4	Sundries.....	104.0	103.6	103.0	+0.4	+1.0
Boston						Rochester					
All Items.....	102.6	101.0	99.6	+1.6	+3.0	All Items.....	102.4	101.6	100.7	+0.8	+1.7
Food.....	100.2	96.9	98.5	+3.4	+1.7	Food.....	102.8	102.3	100.5	+0.5	+2.3
Housing.....	103.8	102.3	100.7	+1.0	+3.1	Housing.....	102.0	100.8	100.2	+1.2	+1.8
Apparel.....	100.2	99.5	97.6	+0.7	+2.7	Apparel.....	99.8	98.7	98.9	+1.1	+0.9
Transportation.....	104.3	104.2	97.0	+0.1	+7.5	Transportation.....	102.5	102.8	100.0	-0.3	+2.5
Sundries.....	105.1	104.0	102.3	+1.1	+2.7	Sundries.....	103.9	102.7	103.2	+1.2	+0.7
Chattanooga						St. Louis					
All Items.....	100.6	99.8	99.0	+0.8	+1.6	All Items.....	101.6	100.9	99.9	+0.7	+1.7
Food.....	96.7	95.3	95.4	+1.5	+1.4	Food.....	100.7	98.7	96.9	+2.0	+3.9
Housing.....	100.7	100.9	100.4	-0.2	+0.3	Housing.....	101.7	101.2	100.7	+0.5	+1.0
Apparel.....	102.3	101.4	98.8	+0.9	+3.5	Apparel.....	101.2	100.4	99.3	+0.8	+1.9
Transportation.....	104.5	103.6	101.5	+0.9	+3.0	Transportation.....	102.8	103.4	103.4	-0.6	-0.6
Sundries.....	104.1	102.8	101.8	+1.3	+2.3	Sundries.....	102.5	102.4	101.5	+0.1	+1.0
Dallas						San Francisco-Oakland					
All Items.....	101.1	100.4	99.2	+0.7	+1.9	All Items.....	103.0	102.7	101.1	+0.3	+1.9
Food.....	99.8	98.0	97.4	+1.8	+2.5	Food.....	100.5	100.4	98.7	+0.1	+1.8
Housing.....	101.5	101.0	100.0	+0.5	+1.5	Housing.....	103.3	103.2	102.4	+0.1	+0.9
Apparel.....	99.8	99.1	98.7	+0.7	+1.1	Apparel.....	101.2	100.3	99.8	+0.9	+1.4
Transportation.....	101.0	101.6	98.4	-0.6	+2.6	Transportation.....	101.8	102.7	100.6	-0.9	+1.2
Sundries.....	102.8	102.4	101.4	+0.4	+1.4	Sundries.....	107.9	106.6	103.6	+1.2	+4.2
Detroit						Wilmington					
All Items.....	103.3	103.2	100.8	+0.1	+2.5	All Items.....	101.9	101.3	100.0	+0.6	+1.9
Food.....	102.1	102.4	98.4	-0.3	+3.8	Food.....	99.6	97.2	96.0	+2.5	+3.8
Housing.....	104.7	104.0	102.4	+0.7	+2.2	Housing.....	102.7	102.7	101.3	0	+1.4
Apparel.....	100.2	100.1	100.0	+0.1	+0.2	Apparel.....	100.4	101.6	99.6	-1.2	+0.8
Transportation.....	102.7	102.6	100.6	+0.1	+2.1	Transportation.....	101.8	102.1	100.9	-0.3	+0.9
Sundries.....	105.2	105.4	102.7	-0.2	+2.4	Sundries.....	105.0	104.5	103.4	+0.5	+1.5

stantially higher. Sundries moved up 2.2%, with the largest increases in personal and medical care.

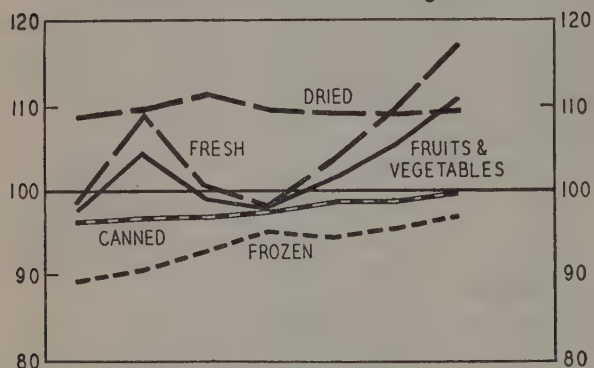
FOR THE VEGETARIANS

The accompanying chart shows the price changes during the past eighteen months of various parts of the fruits and vegetables index. The upper section gives the price changes of the index according to processing procedures—dried, fresh, frozen and canned; the lower section shows the fresh fruits and vegetables group.

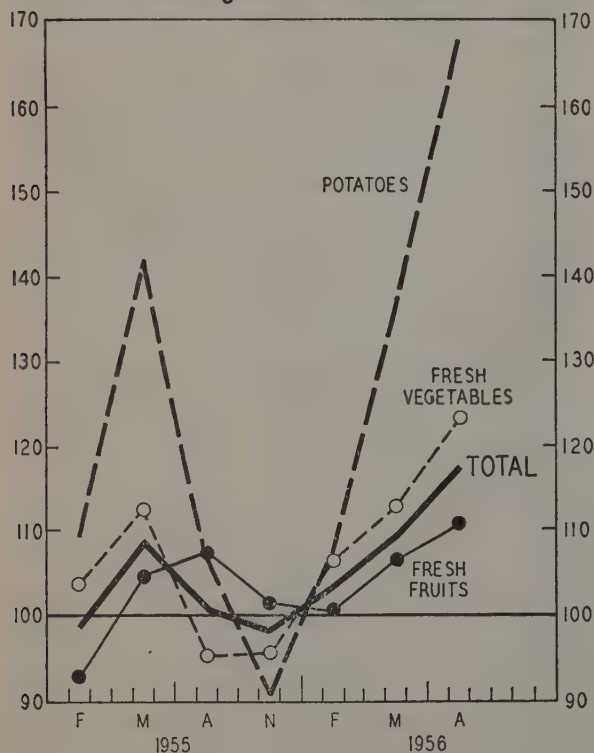
Price Movements of Fruits and Vegetables

Index Numbers: 1953=100

Fresh and Processed Fruits and Vegetables



Fresh Vegetables and Fresh Fruits



Fresh fruit and vegetable prices, as can be seen on the upper part of the chart, have tended to follow a pattern similar to the total fruit and vegetable index. In February, 1955, all these indexes started to climb, and they continued this upward pattern until May, 1955, with fresh fruits continuing up at a less accelerated pace until August. However, the new crops that entered the market in May had caused a 4.8% drop in the total index by August, 1955. Prices for fruits and vegetables started to climb again that November, and continued their advance until this August. The changes in fresh fruits and vegetables were in sharp contrast with the stability of canned fruits and vegetables during the past eighteen months. Frozen fruits and vegetables, on the other hand, started climbing in early 1955, halting in November of that year, only to resume their gradual upward movement in February, 1956.

The lower section of the chart also compares the price behavior of fresh fruits with fresh vegetables. During the initial quarter of both years, the two indexes show price increases. For the remainder of 1955, however, the indexes moved in opposite directions. Vegetables have shown greater changes than fruits during the period because of the very sharp fluctuations in potato prices. Between May and November of 1955, potatoes dropped 35.8%, although there was a quick recovery. Potatoes are now higher than in 1955.

PHOEBE F. GELEN
Statistical Division

Management Bookshelf

Community Relations for Business—An operations manual for anyone interested in business community relations. It illustrates the benefits to be obtained from good plant community relations, and explains how to develop and maintain such a program, as well as the ways in which company executives can participate in cooperative community relations programs locally. There are many illustrative exhibits; and the techniques, procedures and programs of many important companies are explained in detail. By John T. McCarty, Bureau of National Affairs, Inc., Washington, D.C., 1956, 286 pp. \$12.50.

Human Relations for Management—A compilation of selected articles which have appeared in the *Harvard Business Review* during the past five years. There are three contributions each on communications, administration and supervision. The remaining eight articles discuss human relations in broad terms. Six of the authors are company executives or management consultants, one is a labor leader and the others are academicians. Edited by Edward C. Bursk, Harper & Brothers, New York, New York, 1956, 372 pp. \$5.

Significant Labor Statistics

Item	Unit	1956							Year Ago	Percentage Change	
		August	July	June	May	April	March	Feb.		Latest Month over Previous Month	Latest Month over Year Ago
Consumer Price Indexes											
All items.....	1953 = 100	102.3	102.1	101.7	101.2	101.0	101.1	101.1	100.3	+0.2	+2.0
Food.....	1953 = 100	100.4	100.1	99.2	97.7	97.0	97.0	97.3	98.2	+0.3	+2.2
Housing.....	1953 = 100	103.0	102.8	102.7	102.6	102.6	102.6	102.4	101.5	+0.2	+1.5
Apparel.....	1953 = 100	100.2	100.0	99.9	99.7	99.6	99.4	99.3	99.2	+0.2	+1.0
Transportation.....	1953 = 100	103.9	104.0	103.9	104.1	104.4	105.1	105.3	100.6	-0.1	+3.3
Sundries.....	1953 = 100	104.5	104.2	103.9	103.8	103.7	103.7	103.4	102.3	+0.3	+2.2
Purchasing value of dollar.....	1953 dollars	97.8	97.9	98.3	98.8	99.0	98.9	98.9	99.7	-0.1	-1.9
(BLS) All Items.....	1947-1949 = 100	116.8	117.0	116.2	115.4	114.9	114.7	114.6	114.5	-0.2	+2.0
Employment Status ¹											
Civilian labor force.....	thousands	68,947	69,489	69,430	67,846	66,555	65,912	65,491	67,725	-0.8	+1.8
Employed.....	thousands	66,752	66,655	66,503	65,238	63,990	63,078	62,577	65,488	+0.1	+1.9
Agriculture.....	thousands	7,265	7,700	7,876	7,146	6,387	5,678	5,470	7,536	-5.6	-3.6
Nonagricultural industries.....	thousands	59,487	58,955	58,627	58,092	57,603	57,400	57,107	57,952	+0.9	+2.6
Unemployed.....	thousands	2,195	2,833	2,927	2,608	2,564	2,834	2,914	2,237	-22.5	-1.9
Age Earners ^{2,3}											
Employees in nonagr'l establishments.....	thousands	p 51,789	r 50,918	r 51,709	r 51,197	50,848	50,499	50,246	49,858	+1.7	+3.9
Manufacturing.....	thousands	p 16,973	r 16,301	r 16,809	16,715	16,769	16,764	16,824	16,807	+4.1	+1.0
Mining.....	thousands	p 817	r 741	r 812	r 786	790	783	780	754	+10.3	+8.4
Construction.....	thousands	p 3,345	r 3,289	r 3,257	3,040	2,853	2,669	2,588	2,746	+1.7	+21.8
Transportation and public utilities.....	thousands	p 4,191	r 4,146	r 4,181	4,138	4,121	4,106	4,083	4,137	+1.1	+1.3
Trade.....	thousands	p 11,009	r 11,015	r 11,091	10,985	10,928	10,931	10,819	10,638	-0.1	+3.5
Finance.....	thousands	p 2,355	r 2,351	r 2,320	2,289	2,278	2,265	2,250	2,241	+0.2	+5.1
Service.....	thousands	p 6,138	r 6,138	r 6,089	6,041	5,979	5,859	5,818	5,818	0	+5.5
Government.....	thousands	p 6,961	r 6,937	r 7,150	7,203	7,130	7,122	7,084	6,717	+0.3	+3.6
Production and related workers in mfg. employment											
All manufacturing.....	thousands	p 13,208	r 12,553	r 13,078	13,036	13,114	13,125	13,212	13,262	+5.2	-0.4
Durable.....	thousands	p 7,544	r 7,116	r 7,602	7,613	7,674	7,621	7,692	7,553	+6.0	-0.1
Nondurable.....	thousands	p 5,664	r 5,437	5,476	5,423	5,440	5,504	5,520	5,709	+4.2	-0.8
Average weekly hours											
All manufacturing.....	number	p 40.3	r 40.0	40.1	40.0	40.3	40.4	40.5	40.6	+0.75	-0.7
Durable.....	number	p 40.9	r 40.6	40.8	40.7	41.1	41.0	41.0	41.1	+0.7	-0.5
Nondurable.....	number	p 39.4	39.3	39.2	39.1	39.2	39.6	39.8	39.9	+0.3	-1.3
Average hourly earnings											
All manufacturing.....	dollars	p 1.98	r 1.97	1.97	1.96	1.96	1.95	1.93	1.88	+0.5	+5.3
Durable.....	dollars	p 2.10	2.07	2.09	2.08	2.08	2.06	2.05	2.01	+1.4	+4.5
Nondurable.....	dollars	p 1.81	1.82	1.81	1.80	1.79	1.78	1.75	1.70	-0.5	+6.5
Average weekly earnings											
All manufacturing.....	dollars	p 79.79	r 78.80	79.00	78.40	78.99	78.78	78.17	76.33	+1.3	+4.5
Durable.....	dollars	p 85.89	r 84.06	85.27	84.66	85.49	84.46	84.05	82.61	+2.2	+4.0
Nondurable.....	dollars	p 71.31	r 71.53	70.95	70.38	70.17	70.49	69.65	67.83	-0.3	+5.1
Straight time hourly earnings (estimated)											
All manufacturing.....	dollars	p 1.92	r 1.92	1.91	1.91	1.90	1.89	1.87	1.83	0	+4.9
Durable.....	dollars	p 2.03	2.00	2.02	2.01	2.01	1.99	1.98	1.94	+1.5	+4.6
Nondurable.....	dollars	p 1.76	r 1.78	1.77	1.76	1.75	1.74	1.71	1.66	-1.1	+6.0
Turnover Rates in Manufacturing ²											
Separations.....	per 100 employees	p 4.2	3.2	3.4	3.7	3.4	3.5	3.6	4.0	+31.25	+5.0
Quits.....	per 100 employees	p 2.2	1.5	1.6	1.6	1.5	1.4	1.3	2.2	+46.7	0
Discharges.....	per 100 employees	p 0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	+50.0	0
Layoffs.....	per 100 employees	p 1.4	1.2	1.3	1.6	1.4	1.6	1.8	1.3	+16.7	+7.7
Accessions.....	per 100 employees	p 3.8	3.3	4.2	3.3	3.3	3.1	3.1	4.5	+15.2	-15.6

Bureau of the Census.
Bureau of Labor Statistics.
The BLS has adjusted its nonfarm employment and hours and earnings series to first quarter 1956 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government

social insurance programs. The adjustment affects all figures since February, 1956. Adjusted figures for months prior to February, 1956 have not been received; the figures for these months published above are adjusted to first quarter 1956 benchmark levels.
p Preliminary. r Revised.

Benefits During a Strike

(Continued from page 349)

VACATION PAY FOR STRIKING EMPLOYEES

What has been called the "polite strike" in the steel industry brought the question of vacation pay for strikers to the front pages of the newspapers. Newspapers reported that the striking steelworkers appeared to feel no pressing need for a settlement because they expected to receive vacation pay for much of the time that they were out marching on picket lines.

Nothing in the Steelworkers' union contracts warranted this view. In fact, the steel industry's principal contract declares that "the final right to allot vacation periods and to change such allotments is exclusively reserved to the company." Yet the workers knew that in the past, after the termination of strikes, steel companies had permitted employees to designate one or more weeks of the strike period as their vacation, and were given vacation pay accordingly. And this was again done by the steel companies after the 1956 strike. Consequently, when the papers reported that many of the workers acted as if they were on vacation instead of on strike, some observers said that for a part of the period they were on both.

The Alternatives

There are two alternatives concerning vacation pay and strikes. One, which was followed in the steel strike, is to count time spent on strike as vacation, and thereby defray wages lost during the work stoppage. This is done either by paying for the vacations scheduled during a strike or, upon the strikers' return to work, granting them vacation pay in lieu of vacation.

The other alternative is to deny vacation pay to strikers. This is accomplished by (1) refusing to count any portion of the strike period as vacation time and (2) not granting pay in lieu of vacation when the strike is completed. In carrying this out, many companies reschedule all vacations occurring during the strike. Thus, if a striker was scheduled to take a vacation during the strike, his vacation is cancelled and rescheduled for another time.

The rationale of the companies counting strike time as vacation time goes as follows: The employee is in hard straits when a strike is a few weeks old. He needs money. He does not want further time off when he returns. We, the company executives, will make vacation pay part of our strike settlement offer. Thus, when our workers come back they will receive vacation pay to help pull them out of any debt caused by the strike and we will have a well-rested staff ready to go to work.

Firms that do this deny the charge that they are financing strikes against themselves. They argue that the employee must return to work before he can receive any vacation pay. And at that time, he is no longer a striker. Companies also claim that the offer of vacation pay is an effective device for splitting the strike committee. Committee members who are company employees want vacation pay as a lump sum at the end of the strike, and this may cause them to split with paid union officials whose salary in many cases continues, strike or no strike. Companies report that an offer of vacation pay upon return to work, made early in the strike, tends to speed up a settlement.

However, a number of employers claim that the offer of vacation pay for strike time works only the first time as an effective bargaining device. After that, they say, workers expect that they will get vacation pay at the end of a strike. In short, it becomes a tacit tradition for the firm or industry, and the workers and union will not even accept it as a bargaining offer. When this happens the union may make receiving vacation pay for strike time as a price for going back to work.

Disadvantages

A large proportion of the ninety-three cooperating companies that went through a strike experience did not give vacation pay to their workers upon return to work. Many say that they regard such an action as cutting one's own throat. "Strikers must learn," they declare, "that it will cost them money if they strike; otherwise employers will breed a generation of strike-happy employees."

HOLIDAY PAY DURING STRIKES

The vast majority of companies refuse to pay workers for any holidays that take place when they are out on strike. As shown in Table 4, only three of the ninety-three companies pay for holidays occurring during a strike. However, four companies report that they have paid for holidays in order to get a strike settlement. For example, one company made the contract retroactive, and, as a result, had to pay for Thanksgiving Day. An eastern manufacturer increased the number of holidays retroactively and, therefore, had to pay for a holiday.

Table 4: What Ninety-three Companies Did with Regard to Paying for Holidays that Occurred During a Strike—by Size of Company

Practice	No. of Companies	Number of Employees			
		1-249	250-999	1,000-4,999	Over 5,000
Paid for holidays	3	0	1	1	1
Did not pay for holidays	79	5	10	24	40
Did not answer	11	0	2	4	5
Total Companies	93	5	13	29	46

But most companies surveyed do not pay or expect to pay for holidays. A few dismiss the idea with no more comment than a categorical "no." A Kentucky firm announces that it "would use every means to keep from paying for holidays" that come during a strike. A New York company claims that the contract is no longer in effect and therefore it does not have to pay its striking employees.

Union contract clauses are cited by many companies as their reason for not paying for holidays during strikes. A typical clause requires the employee to work the day before and the day after the holiday in order to receive holiday pay. Consequently, the striker cannot meet the requirements for holiday pay.

Wage Reopening Strikes

A complicating factor with respect to holiday pay arises when the strike is not over a new contract but conducted under the wage reopening provision of the old contract. If the union has the right to strike for a wage change with the remainder of the contract remaining in effect, is the worker entitled to receive pay

for any holiday authorized by the contract which occurs during the strike?

An arbitrator ruled that the workers should be paid in a case between Royle and Pilkington Company, Inc. and the Textile Workers Union of America, then CIO. The contract provided for a wage reopening, and the union struck for a raise in wages. Interestingly enough, the company conceded that if the strike was for wages only, it was obligated to pay for the Christmas holiday, but it argued that the strike was over more issues than just wages. The arbitrator disagreed with this claim and stated that the strike was solely over a wage increase—a strike allowed by the union contract. Therefore, the arbitrator ordered that "the company comply with the union demand that holiday pay for Christmas Day, 1951, be paid."¹

JAMES J. BAMBRICK, JR.

ALBERT A. BLUM

Division of Personnel Administration

¹Royle and Pilkington Company, Incorporated (Hazelwood, N. C.) and Local 903, Textile Workers Union of America, CIO, March 22, 1952, *American Labor Arbitration Awards*, 5 ALAA ¶ 68,994.

Management Bookshelf

American Labor Union Periodicals: A Guide to Their Location—Over 80% of the 199 national and international unions in the United States today issue union journals periodically, as do many regional and local labor groups. This book gives the location, in university libraries, of over 1,700 such publications—some current, many dating back to unions that no longer exist. For each entry, available data are given on the dates of first issue, the completeness of collections by the university library or libraries holding such material, and the availability of microfilming facilities. Whenever possible, information relating to changes in the union name or the title of its publication is included, as well as the volumes, numbers and dates of last issues for publications that have been suspended. *Compiled by Bernard G. Naas and Carmelita S. Sakr, Cornell University, Ithaca, New York, 1956, 175 pp. \$7.*

Worker Satisfaction and Development, a Case Study of Work and Social Behavior in a Factory Group—A descriptive rather than evaluative analysis of behavior in an industrial work group of a foreman and fourteen men. The author examines the conditions that facilitate or prevent the development of an effective social organization in work groups and concludes with some positive steps that can be taken to utilize the potential creativity of these people. *By A. Zalesnik, Graduate School of Business Administration, Harvard University, Boston, Massachusetts, 1956, 147 pp. \$2.*

A Predictive Study of Administrative Work Patterns—A monograph describing a new approach to the study of administrative leadership, based upon the authors' scientific efforts to provide an answer to their own question:

"Can prediction of future job behavior be improved by taking into account the nature of the job to be done, as well as the nature of the man who is to do the job?" The authors admit that a study based on a small number of cases must be interpreted with caution, but their research does throw some light on four important subjects: (1) which aspects of administrative performance can be predicted most successfully; (2) which types of transfers can be predicted most successfully; (3) which predictive methods are most successful; and (4) what factors are involved in successful prediction. *By Ralph M. Stogdill, Carroll L. Shartle, Ellis L. Scott, Alvin E. Coons and William E. Jaynes, Bureau of Business Research of Ohio State University, Columbus, Ohio, 1956, 68 pp. \$2.*

Scientific Management and the Unions, 1900-1932—More than fifty years ago, Frederick W. Taylor worked out what is now known as scientific management. This book describes the development of his system. Its particular concern, however, is with the changing attitude of the followers of scientific management toward labor unions, and, on the other hand, the changing attitude of labor union officials toward scientific management. The turning point was the end of World War I. Prior to the 1920's, both groups were antagonistic to each other, but with the end of the First World War, the picture changed, and both groups became more cordial. During the Twenties, the supporters of scientific management frequently advocated union recognition and collective bargaining while the unions called for "union-management cooperation" in the field of scientific management. *By Milton J. Nadworny, Harvard University Press, Cambridge, Massachusetts, 1955, 187 pp. \$3.75.*

Wage Adjustment Highlights

TEN CENTS sums up the wage adjustments confirmed by THE CONFERENCE BOARD from mid-August to mid-September—the third successive month that this has been the case. Of adjustments affecting wage earners, fifty-four were reported in hourly terms. And these ranged from 4 cents to 18 cents and averaged 9.6 cents. The most frequent single increase was 10 cents, with fourteen settlements reported at this amount.

There were nineteen increases reported as percentage of current earnings, and these ranged from 3% to 9.5%; however, sixteen of the nineteen were from 5% through 7%.

Industry patterns are evident in a number of settlements—specifically steel, cement and rubber. The increases in steel are for 7.5 cents an hour plus .3 cent increment adjustments, while the new contracts in the cement industry call for an 18-cent rise. The rubber industry has been negotiating increases of 6.2 cents as a result of scheduled reopenings. These industry pattern settlements will be considered separately here.

Steel Settlements

There are two settlements reported that are closely related to the basic steel settlement.¹ Two involve United States Steel Corporation subsidiaries and the United Steelworkers of America, AFL-CIO. Wage provisions of the agreement with the Oliver Iron Mining Division, affecting some 5,800 wage earners, are identical to those worked out between the union and the twelve basic steel producers. And the Tennessee Coal and Iron Division agreement is also in accord with the pattern set by the industry agreement. The pattern settlement provided for an initial increase of 7.5 cents an hour plus an increase of .3 cent in job increments. Tennessee Coal and Iron reports the initial increase as 11 cents an hour with no provision for changes in increments. In other respects, however, the two agreements are similar to the basic steel settlements.

Cement Settlements

The effects of the established pattern are evident in two cement industry settlements with the Cement, Lime and Gypsum Workers. Dewey Portland Cement Company and Universal Atlas Cement Company granted wage increases of 18 cents an hour and some fringe benefits, in exchange for one-year contracts.

¹ See "Steel Strike Settlement" in the August, 1956, *Management Record*, p. 270, for a complete analysis.

Rubber Settlements

Two settlements with the United Rubber Workers follow, in general, the formula worked out between the union and other big tire and rubber companies.¹ The currently reported settlements are the result of wage reopening provisions in contracts with the Gates Rubber Company and General Tire and Rubber Company. They provide for 6.2 cents an hour increases in wage rates and 3 cents an hour contributions to supplemental unemployment benefit funds. The two agreements affect about 6,800 wage earners; and 1,475 salaried employees at Gates received a \$10.83 monthly increase.

Other Significant Settlements

Several settlements affecting large numbers of employees were received during the month. Some of the more significant are in the apparel, transportation and aircraft industries.

Apparel: Wage reopenings in Amalgamated Clothing Workers' contracts with Cluett, Peabody and Company and with C. F. Hathaway Company resulted in hourly increases of 10 cents and improved fringe benefits, affecting some 8,100 wage earners.

Aircraft: A two-year contract agreement between Boeing Airplane Company and 16,000 Machinists provides for a 5% wage increase that will also be received by 6,000 salaried personnel. The agreement also provides for jury duty pay, improved vacations and increased shift premiums.

Transportation: An agreement between the Teamsters and the Empire State Highway Association will run for four years, with one reopening during that period. The settlement provides for an immediate wage increase of 9 cents an hour as well as increased pension and welfare contributions.

Altogether, sixty-nine adjustments were confirmed during the month affecting 98,000 wage earners and 13,000 salaried personnel. New contracts totaled fifty-two. And of these, twenty-nine were for more than one year, with eighteen of the twenty-nine providing for deferred increases, and ten calling for reopenings. Details of most of these settlements appear in the table beginning on the next page.

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Statistical Division

¹ See "Wage Adjustments Announced," *Management Record*, Sept., 1956, p. 340.

Wage Adjustments Announced Prior to September 15, 1956

Company and Union(s)	Approximate Number and Type of Employees Affected*; Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Apparel				
Cluett, Peabody & Company Interstate <i>Clothing Workers, AFL-CIO</i>	7,000 WE 9-4-56	\$.10 per hr. av.	(1) Pension raised to \$42.50 per mo. from \$35 (2) Increased sick benefits and hospital-medical-surgical coverage	Result of wage reopening. Contract expires 6-1-58
C. F. Hathaway Company Waterville, Me. and Lowell, Mass. <i>Clothing Workers, AFL-CIO</i>	1,100 WE 9-4-56	\$.10 per hr.	(1) Increased health and accident group ins. (2) Pension plan amounting to average of 20%	Result of wage reopening. Contract term — 2 yrs.
Chemicals and Allied Products				
Hooker Electrochemical Co. Durez Plastics Division North Tonawanda, N. Y. <i>Machinists, AFL-CIO</i>	650 WE 8-1-56	\$.14 per hr.	(1) 3 wks.' vacation after 10 yrs., 4 wks. after 20 yrs. (2) Shift premium increased to \$.09 per hr. from \$.08 (3) Life ins. — add'l \$1,000 after 1 yr.'s service (4) Disability benefits—\$40 per week for 20 wks.	Result of contract expiration. Contract term — 2 yrs. Wage reopening 8-1-57
Milwaukee Solvay Coke Co. Milwaukee, Wis. <i>Chemical Workers, Machinists, Firemen and Oilers, IBEW, Boilermakers, Painters—all AFL-CIO</i>	400 WE 6-1-56	\$.10 per hr.; add'l \$.10 per hr. 6-1-57; \$.02 adjustments 6-1-56 and 1-1-57	(1) Improved ins. plan (2) 4 wks.' vacation after 25 yrs. (3) 4 hrs.' call-in pay (4) Shift differentials increased to \$.08 and \$.13 per hr. from \$.06 and \$.12 (5) \$.10 per hr. Sunday premium pay	Result of contract expiration. Contract term — 2 yrs.
Oldbury Electro-Chemical Co. Niagara Falls, N. Y. <i>District 50, UMW, ind.</i>	325 WE 6-6-56	5%	(1) Improved vacation plan (2) \$500 add'l life ins. (3) Reduction in pension contribution	Result of contract expiration. Contract term — 2 yrs.
Sherwin Williams Company Cleveland, Ohio <i>District 50, UMW, ind.</i>	415 WE 7-1-56	5% (\$.10 per hr. av.)	Monthly pension benefit increased to \$2.25 for each yr. of service from \$1.75	Result of wage reopening. Contract expires 6-30-57
Electrical Machinery, Equipment and Supplies				
Altec-Lansing Corp. Beverly Hills, Cal. <i>IUE, AFL-CIO</i>	250 WE 7-9-56	\$.07 to \$.10 per hr.; add'l \$.05 to \$.07 per hr. 7-8-57	None	Result of wage reopening. Contract expires 7-5-58
Lubricated Metal Products				
Richards-Wilcox Mfg. Co. Aurora, Ill. <i>Iron Workers, AFL-CIO</i>	350 WE 8-10-56	\$.07 per hr.; add'l \$.08 per hr. 8-10-57	Increase in hospital benefits	Result of wage reopening. Contract expires 8-10-57
J. H. Williams Company Buffalo, N. Y. <i>Steelworkers, AFL-CIO — WE</i> <i>No union — S</i>	1,092 WE 7-30-56 233 S 8-1-56	\$.10 per hr. — WE \$4.05 per wk. — S	Increased fringe benefits amounting to \$.015 per hr. — WE & S	Result of contract expiration. Contract term — 2 yrs. — WE. Tandem adj. — S.
Yale & Towne Mfg. Company Stamford, Conn. <i>Office Employees, AFL-CIO</i>	90 S 7-1-56	\$3.20 per wk.	(1) Sick benefits increased to \$25 per wk. (2) Add'l life ins. paid by co. (3) 1 add'l paid hol. (4) Pro-rata vacation for those who quit (5) Women permitted to retire at 62 in accordance with new Social Security ruling	Result of contract expiration. Contract term — 2 yrs. Wage reopening after 1 yr.

Wage Adjustments Announced Prior to September 15, 1956—Continued

Company and Union(s)	Approximate Number and Type of Employees Affected*; Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Food and Kindred Products				
American Maize Products Co. Hammond, Ind. <i>Oil, Chemical and Atomic Workers, AFL-CIO</i>	720 WE 7-2-56	\$.13 per hr.	None	Result of wage reopen
Archer-Daniels-Midlands Co. Minneapolis, Minn. <i>District 50, UMW A, ind.</i>	570 WE 7-2-56	6%	(1) 10% increase in pension (2) \$.01 increase in shift differential (3) Hospital room and board benefit increased to \$15 a day	Result of contract exp tion. Contract term — 1
Campbell Soup Company Camden, N. J. <i>Packinghouse Workers, AFL-CIO</i>	5,500 WE 3-1-56 (signed 7-23-56)	\$.10 per hr.; add'l \$.01 to \$.085 per hr. inequity adj.	(1) Company assumes 1/3 cost of dependent hospitalization and surgical coverage (2) Add'l \$1,000 life ins.	Result of contract exp tion. Contract term — 3 Wage reopenings 3-1-57 3-1-58
Flour, Feed & Cereal Employers Association Wash., Ore. and Ida. <i>Grain Millers, AFL-CIO, Long- shoremen and Warehousemen, ind.</i>	1,200 WE 7-1-56	4.5%; add'l 3.5% 7-1-57	None	Result of wage reopen 2-yr. contract
General Mills, Inc. Lodi, Cal. <i>Grain Millers, AFL-CIO</i>	280 WE 8-15-56	\$.11 per hr. av. (5.5%)	n.a.	n.a.
J. Allen Smith and Company Knoxville, Tenn. <i>Grain Millers, Teamsters — both AFL-CIO</i>	112 WE 7-20-56	\$.06 per hr.	None	Result of wage reopen Contract expires 7-29-57
Furniture and Fixtures				
U. S. Bedding Company St. Paul, Minn. <i>Upholsterers, AFL-CIO</i>	200 WE 5-26-56 (signed 7-26-56)	\$.10 per hr. — time workers; \$.06 per hr. — piece workers (equivalent to \$.10); in 1957 add'l \$.09 per hr. — time workers, and \$.04 per hr. — piece workers (equivalent to \$.07)	3 wks.' vacation after 13 yrs. — 1956; 3 wks.' vacation after 12 yrs. — 1957	Result of contract exp tion. Contract term — 2
Machinery (except Electrical)				
Avco Manufacturing Company Crosley-Bendix Home Appliance Division Nashville, Tenn. <i>Machinists, AFL-CIO — WE No union — S</i>	2,200 WE 6-1-56 n.a. S	\$.05 per hr. across the board — WE & S	(1) 1 add'l pd. hol.—WE & S (2) Increase in ins. benefits — WE & S	Result of contract exp tion. Contract term — 2/ — WE. Tandem adj. —
Detroit Power Screwdriver Co. Detroit, Mich. <i>UAW, AFL-CIO</i>	54 WE 7-1-56	\$.05 to \$.15 per hr. (av. \$.10 per hr.)	(1) Hospital room & board increased to \$15 per day (2) Life ins. increased to \$3,000 from \$2,500	Length of contract — 1
Dollinger Corporation Rochester, N. Y. <i>IUE, AFL-CIO</i>	95 WE 7-9-56	\$.08 per hr.	None	Result of wage reopen Contract expires 6-20-57
Farrel-Birmingham Company, Inc. Ansonia and Derby, Conn.; Buffalo, N. Y. <i>Steelworkers, AFL-CIO</i>	2,050 WE 7-1-56	9.5%	None	Result of contract exp tion. Contract term — 3 Wage reopenings 7-1-57 7-1-58
National Screw & Manufacturing Company Cleveland, Ohio <i>UAW, AFL-CIO</i>	1,500 WE 8-1-56	\$.08 per hr. general increase; \$.11 per hr. for skilled trades	None	Result of wage reopen Contract expires 8-1-58. Add'l wage reopening 8-1-

Wage Adjustments Announced Prior to September 15, 1956—Continued

Company and Union(s)	Approximate Number and Type of Employees Affected*; Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Pneumatic Scale Corporation Ltd. Quincy, Mass. Retail Workers, AFL-CIO — WE; n.a. — S	377 WE 323 S 6-18-56	\$.05 per hr. — WE \$2 per wk. — S	(1) 3 wks.' vacation after 12 yrs. — WE & S (2) 1½ times pay for Sat. overtime as such — WE & exempt S (3) Increased group life ins. — WE & S	Result of contract expira- tion. Contract term — 1 yr. — WE
ining United Park City Mines Company Park City and Keetley, Utah Steelworkers, AFL-CIO — WE No union — S	242 WE 7-1-56 44 S 8-1-56	7% — WE 6.3% — S	None	Result of wage reopening. Contract expires 7-1-57 — WE Tandem adj. — S
United States Steel Corp. Oliver Iron Mining Division Duluth, Minn. Steelworkers, AFL-CIO	5,800 WE 8-3-56	\$.075 per hr.; add'l \$.07 in 1957 and 1958 \$.003 increase in increment between jobs; add'l \$.002 in 1957 and 1958	1956 (1) Jury duty pay (2) \$.01 C of L adj. for .4 or .5 rise in BLS index, twice yrly. (3) 52 wk. SUB plan, pay- ments to start 7-1-57 (4) Sunday premium — 1.1 times pay (5) Increased ins. benefits 1957 (1) 1 add'l paid hol. (2) Overtime hol. premium — 2.1 times pay (3) Sunday premium — 1.2 times pay (4) Increased pension bene- fits (5) Increased vacation bene- fits 1958 (1) Overtime hol. premium — 2.25 times pay (2) Sunday premium — 1.25 times pay	Result of contract expira- tion. Contract term — 3 yrs.
scellaneous Manufacturing Universal Button Company Lawrenceburg, Ky. LWU, AFL-CIO	160 WE 7-9-56	\$.13 per hr.	(1) Group life ins. (2) 3 add'l paid hols. (total 6)	First contract — 4 yrs. Wage reopening 6-30-59
er and Allied Products Great Northern Paper Company Millinocket and East Millinocket, Me. Office Workers, AFL-CIO	100 S 7-1-56	7%	Liberalized pension benefits and vacation pay	Result of contract expira- tion. Contract term — 1 yr.
International Paper Company Southern Kraft Division Bastrop and Springhill, La.; Camden, Ark.; Georgetown, S.C.; Mobile, Ala.; Moss Point and Natchez, Miss.; Panama City, Fla. Paper Workers, Pulp, Sulphite and Paper Mill Workers, IBEW, Ma- chinists, Plumbers — all AFL-CIO — WE Office Employees, AFL-CIO — S	13,700 WE 1,499 S 6-1-56	\$.13 per hr. — WE 7% — S	(1) Shift premiums increased to \$.05 and \$.08 per hr. — WE (2) Accident and health bene- fits increased to \$40 per wk. max. — WE (3) Vacation eligibility re- duced to 1,040 hrs. worked during previous yr. — WE n.a. — S	Result of contract expira- tion. Contract term — 2 yrs. — WE & S
utherland Paper Company Kalamazoo, Mich. Paperworkers, AFL-CIO	2,600 WE 7-1-56	\$.05 per hr.	Liberalized pension benefits	Automatic increases as per 9-23-55 contract
oleum and Coal Products Allied Chemical and Dye Corp. Anmet-Solvay Division Buffalo, N. Y. District 60, UMW, ind.	325 WE 7-19-56	6%; add'l 3% 7-19-57	(1) 1 add'l paid hol. (2) Shift premiums raised to \$.07 and \$.11 from \$.06 and \$.09 (3) Improved welfare bene- fits	Result of contract expira- tion. Contract term — 2 yrs.

Wage Adjustments Announced Prior to September 15, 1956—Continued

Company and Union(s)	Approximate Number and Type of Employees Affected*; Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
American Oil Company Texas City, Tex. <i>Oil, Chemical and Atomic Workers, AFL-CIO — WE</i> n.a. — S	1,600 WE 800 S 2-1-56 wages 7-1-56 fringes	\$.15 per hr. — WE 6% (\$24 mo. min.) — S	(1) 3 wks.' vacation after 10 yrs. — WE & S (2) 8th paid hol. — WE & S	Result of wage reopening wages. Result of contract ex- pion—fringes. Contract t — 1 yr. — WE
Great Lakes Carbon Company St. Louis, Mo. <i>Oil, Chemical and Atomic Workers, AFL-CIO</i>	278 WE 7-1-56	\$.13 per hr.	None	Result of wage reopen Contract expires 1957
Shell Oil Company Anacortes, Wash. <i>Oil, Chemical and Atomic Workers, AFL-CIO</i>	310 WE 2-1-56 (signed 7-22-56)	6% (\$.15 per hr. min.)	Shift premium increased to \$.08 and \$.16 per hr. from \$.06 and \$.12	First contract. Contract t — 1 yr.
Primary Metal Products				
Acme Steel Company Chicago, Ill. <i>Steelworkers, AFL-CIO — WE</i> No union — S	2,564 WE 7-1-56 n.a. S	\$.075 per hr.; add'l \$.07 in 1957 and 1958 \$.003 increase in increment between jobs; add'l \$.002 in- crease in 1957 and 1958—WE Equivalent per cent increase — S	Same as for basic steel indus- try — WE Not yet available — S	Result of contract ex- pion. Contract term — S — WE Tandem adj. — S
Chase Copper & Brass Company Cleveland, Ohio <i>Machinists, Plant Guard Workers — both AFL-CIO — WE</i> <i>Office Employees, AFL-CIO — S</i>	n.a. WE & S	\$.08 per hr.; add'l \$.01 per hr. av. increase for skilled jobs; add'l \$.07 per hr., 1957 — WE 5%; add'l 3.45%, 1957 — S	(1) \$40 max. sick benefit (2) Company to pay for first \$2,000 life ins. (3) Company to pay hospital and surgical ins. for pen- sioner and spouse (4) 2.5 times pay for hol. worked (5) 5% vacation pay for 10- 15 yrs.' service All benefits apply to WE & S	Result of contract ex- pion. Contract term — S — WE & S
Northeastern Steel Corporation Bridgeport, Conn. <i>Steelworkers, AFL-CIO</i>	700 WE 8-1-56	\$.11 per hr.; add'l \$.105 per hr. 1957, and \$.112 per hr. 1958	(1) Increases in pensions, ins. and vacations (2) Premium pay for Sunday and hols. worked (3) Jury duty pay	Result of contract ex- pion. Contract term — S
U. S. Metals Refining Company Carteret, N. J. <i>Mine, Mill & Smelter Workers, ind. — WE</i> n.a. — S	1,450 WE 50 S 7-1-56	\$.31 per hr. over 3-yr. period — WE & S	Major medical program — WE	Result of contract ex- pion. Contract term — S — WE
United States Steel Corporation Tennessee Coal & Iron Division Fairfield, Ala. <i>Locomotive, Firemen & Enginemen, ind.</i>	250 WE 8-3-56	\$.11 per hr.; add'l \$.091 in 1957 and 1958	Fringe benefits similar to those granted by U. S. Steel to Steelworkers, including: (1) Cost of living adj. (2) Increases in Sunday pre- mium pay (3) Jury duty pay (4) Increase in hol. overtime pay (5) SUB (6) Increases in ins., hol., pensions, vacations (7) Increases in shift pre- miums	Result of contract "ex- pion. Contract term — S
Public Utilities				
LaCade Gas Company St. Louis, Mo. <i>Oil, Chemical and Atomic Workers, AFL-CIO</i>	2,184 WE 7-14-56	\$.122 per hr. for production and maint. workers with add'l \$.01-.015 for higher job classifications 5.68% for clerical workers	(1) 4 wks.' vacation after 20 yrs.' service (2) Modification of surgical benefits	Result of contract ex- pion. Contract term — S

Wage Adjustments Announced Prior to September 15, 1956—Continued

Company and Union(s)	Approximate Number and Type of Employees Affected*; Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Union Electric Company St. Louis, Mo. <i>Operating Engineers, AFL-CIO</i>	1,242 WE 7-1-56	5.6% av. (5% + \$.025 per hr. on wage rates over \$2.30 per hr.)	(1) Retirement credit for all service (2) Max. sick leave increased 10 days (3) 3 wks.' vacation for 10th yr.; and 4 wks. for 20th yr. (4) 2.25 times pay for hols. worked	Result of contract expira- tion. Contract term — 1 yr.
Washington Gas Light Company Washington, D. C. <i>Chemical Workers, AFL-CIO—WE</i> <i>Office Employees, AFL-CIO — S</i>	1,240 WE 6-18-56 535 S 6-11-56	5% — WE & S	None — WE Shift bonus increased to \$.10 and \$.15 per hr. from \$.08 and \$.13 — S	Result of wage reopening. Contract expires in 1 yr. — WE Result of contract expira- tion. Contract term — 1 yr. — S
Rubber Products				
Carlisle Corporation Molded Materials Division Ridgway, Pa. <i>IUE, AFL-CIO</i>	60 WE 7-1-56	\$.11 per hr.; add'l \$.08 in 1957 and 1958	(1) 1 add'l paid hol. (2) Major medical plan — pays 75% to \$2,000 max.	Result of contract expira- tion. Contract term — 4 yrs. Wage reopening 7-1-59
Gates Rubber Company Denver, Colo. <i>Rubber Workers, AFL-CIO — WE</i> <i>n.a. — S</i>	3,500 WE 7-16-56 1,475 S	\$.062 per hr. — WE \$.10.83 per mo. — S	SUB plan based on rubber industry pattern; \$.03 per hr. to be funded — WE	Result of wage reopening. Contract expires 7-1-57 — WE
General Tire and Rubber Company Cleveland, Ohio <i>Rubber Workers, AFL-CIO</i>	3,362 WE 7-23-56	\$.062 per hr.	\$.03 per hr. for SUB plan to be negotiated at later date	Result of wage reopening. Contract expires 1957
one, Clay and Glass Products				
Dewey Portland Cement Company Davenport, Ia. and Dewey, Okla. <i>Cement, Lime & Gypsum Workers, AFL-CIO</i>	615 WE 6-1-56	\$.18 per hr.	(1) Improved ins. program for employees and pen- sioners (2) 1 add'l paid hol. (3) Improved pension, eff. 1-1-56	Result of contract expira- tion. Contract term — 1 yr.
Dravo Corporation Keystone Division Pittsburgh, Pa. <i>Maritime Union, AFL-CIO</i>	n.a. WE 7-1-56	\$.15 per hr.; add'l \$.15 per hr. in 1957	n.a.	Result of contract expira- tion. Contract term — 3 yrs.
Lehon Roofing Company Wilmington, Ill. <i>Cement, Lime & Gypsum Workers, AFL-CIO</i>	260 WE 6-2-56	\$.08 per hr.	(1) 1 add'l paid hol. (2) Add'l \$1,000 life ins. — 40% employee, 60% company	Result of contract expira- tion. Contract term — 1 yr.
Southwestern Portland Cement Co. Fairborn, Ohio <i>Cement, Lime & Gypsum Workers, AFL-CIO</i>	300 WE 6-1-56	7%	(1) 2 times pay for 7th con- secutive day in workwk. (2) 2 times pay after 12 con- secutive hrs.	First contract. Contract term — 1 yr.
Universal Atlas Cement Company Div. of United States Steel Cor- poration Independence, Kan.; & Waco, Tex. <i>Cement, Lime & Gypsum Workers, AFL-CIO</i>	399 WE 5-16-56 (Independence) 6-1-56 (Waco)	\$.18 per hr.	1 add'l paid hol.	Result of contract expira- tion. Contract term — 1 yr.
xtile Mill Products				
Armstrong Cork Company Pittsburgh, Pa. <i>Rubber Workers, AFL-CIO</i>	341 WE 7-23-56	\$.09 per hr. av. for men (\$.08-\$.135) \$.075 per hr. av. for women (\$.07-\$.09)	7th paid hol.	Result of wage reopening. Contract expires 7-1-57
Linen Thread Company Paterson and Kearny, N. J.; Baltimore, Md. <i>Textile Workers, AFL-CIO</i>	1,200 WE 8-1-56	\$.05 per hr.	(1) 3 wks.' vacation after 15 yrs. (2) Liberalized surgical plan (3) \$500 life ins.	Result of contract expira- tion. Contract term — 1 yr.

Wage Adjustments Announced Prior to September 15, 1956—Continued

Company and Union(s)	Approximate Number and Type of Employees Affected*; Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Transportation				
Empire State Highway Transportation Association New York, N. Y. <i>Teamsters, AFL-CIO</i>	8,500 WE 9-1-56	\$.09 per hr.	(1) \$.055 per hr. increase in pension (2) \$.04 per hr. increase in welfare	Result of contract expiration. Contract term — 4 yrs. Wage reopening 9-1-58
Ford Motor Company Great Lakes Region <i>Maritime Union, AFL-CIO</i>	75 S 6-16-56	6.5% increase in base salaries	Overtime provision liberalized	Result of wage reopening Contract expires 6-15-58
Southern Airways Atlanta, Ga. <i>Air Carrier Mechanics, AFL-CIO</i>	99 WE 2-1-56 (signed 6-9-56)	\$.08 per hr. weighted av.	(1) Longevity allowance of \$.01 per hr. for every yr. worked, payable after 3 yrs.' service, to a max. of 12 yrs. (2) Voluntary checkoff	Result of contract expiration. Contract term — 1 yr.
Transportation Equipment				
Boeing Airplane Company Wichita, Kan. <i>Machinists, AFL-CIO — WE</i> n.a. — S	15,786 WE 7-23-56 6,287 S 5-4-56	5% — WE & S; add'l \$.07 per hr. 7-23-57 — WE	(1) 3 wks.' vacation after 10 yrs.; formerly 2.4 wks. — WE (2) Jury duty differential pay — WE (3) Second shift premium increased to \$.12 per hr. from \$.10 — WE & S	Result of contract expiration. Contract term — 2 yrs. — WE
International Harvester Company Truck Division Minneapolis, Minn. <i>Machinists, AFL-CIO</i>	70 WE 6-28-56	\$.10 per hr.	Vacation increased to 2 wks. from 1½ wks. after 3 yrs.' service	Result of contract expiration. Contract term — 2 yrs.

*WE—wage earner; S—salaried personnel.

**Fringe benefits include all benefits received by workers at a cost to employers.

n.a.—not available.

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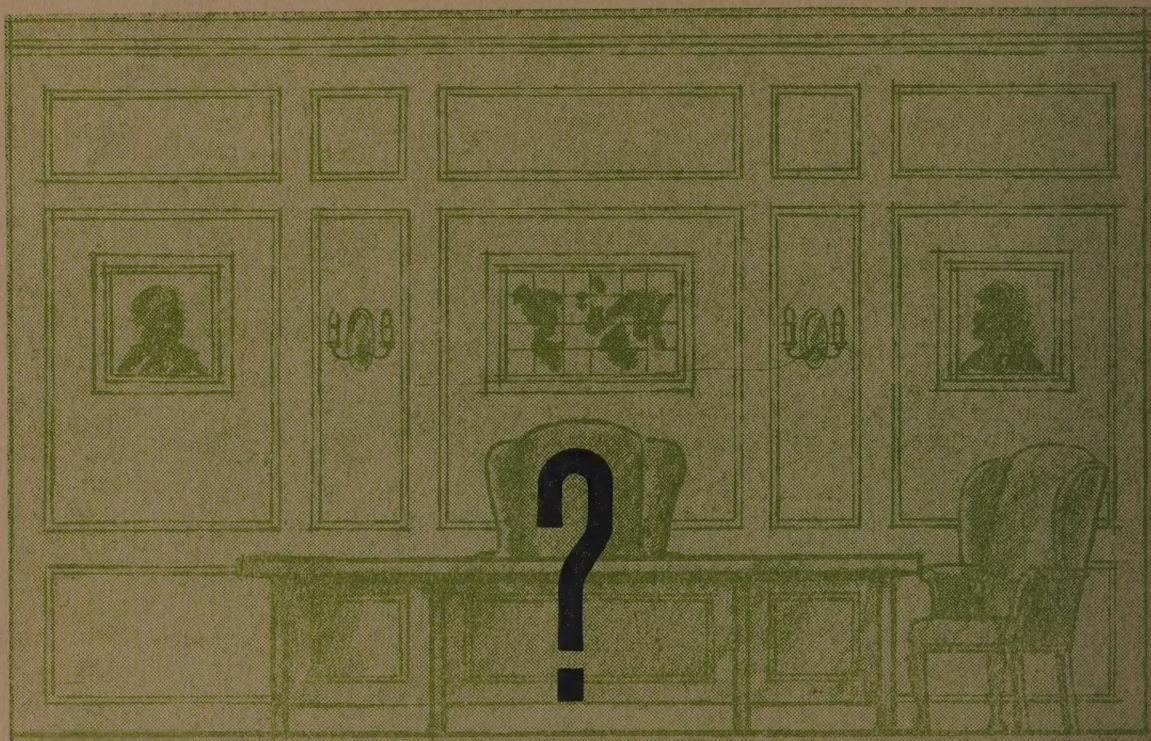
In the October Business Record

AN IMPORTANT NEW BOARD SERIES — Data to provide new insights into the market potential for capital goods are presented in this issue. The quarterly survey of capital appropriations which makes its debut in this *Business Record* seeks to determine, more definitely than has been heretofore possible, the backlogs of demand and changes in current demand.

This pioneering survey deals with the capital appropriations of the top 1,000 manufacturing companies, which account for about three-quarters of all money spent for capital goods in manufacturing. Data on capital appropriations outstanding, it is hoped, will serve as a reliable index of unfilled orders and orders yet to be placed. The new series makes, we believe, a major improvement in the basic data upon which, in general, decisions by business are ultimately made.

The Conference Board has entered upon this work under the sponsorship of *Newsweek* magazine, which will also publish survey results. The possibilities of this series for interpreting future business trends adds an exceptionally important feature to *The Business Record*.

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How much does a company president make?

The salary that the top man in a corporation makes depends to a considerable extent on what industry his company is in. For instance, companies in the rubber industry paid their presidents an average salary of \$140,000 last year, while the top man's average salary in construction companies was \$56,000. And the average for all industries in 1955 was an annual salary of \$87,000 for the president (figures taken from the new Conference Board report).

Perhaps the moral of this story for anyone aspiring to the top spot in a company is to choose his industry with care. And if this is the case, "Compensation of Top Executives in 1955" will give him the facts he needs. But should interest in the subject spring from quite different motivation, as we suspect it

does in most cases, this new report will prove no less valuable.

Data are presented, in an easy-to-find manner, on the salaries of the three highest-paid officers in 903 companies in twenty-eight industrial classifications. Charts show, among other things, the pay relationships among the top three men in a company. Also, there is an innovation this year. Formerly, proxy statements were relied on for data on executive salaries. But this report is based, in the majority of cases, on questionnaires filled out by company officials. Consequently facts on the deferred and extra compensation plans, which have loomed so important in recent years, are included.

"Compensation of Top Executives in 1955" was recently mailed to Associates.